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LEGISLATIVE FISCAL REPORT

1997 BIENNIUM

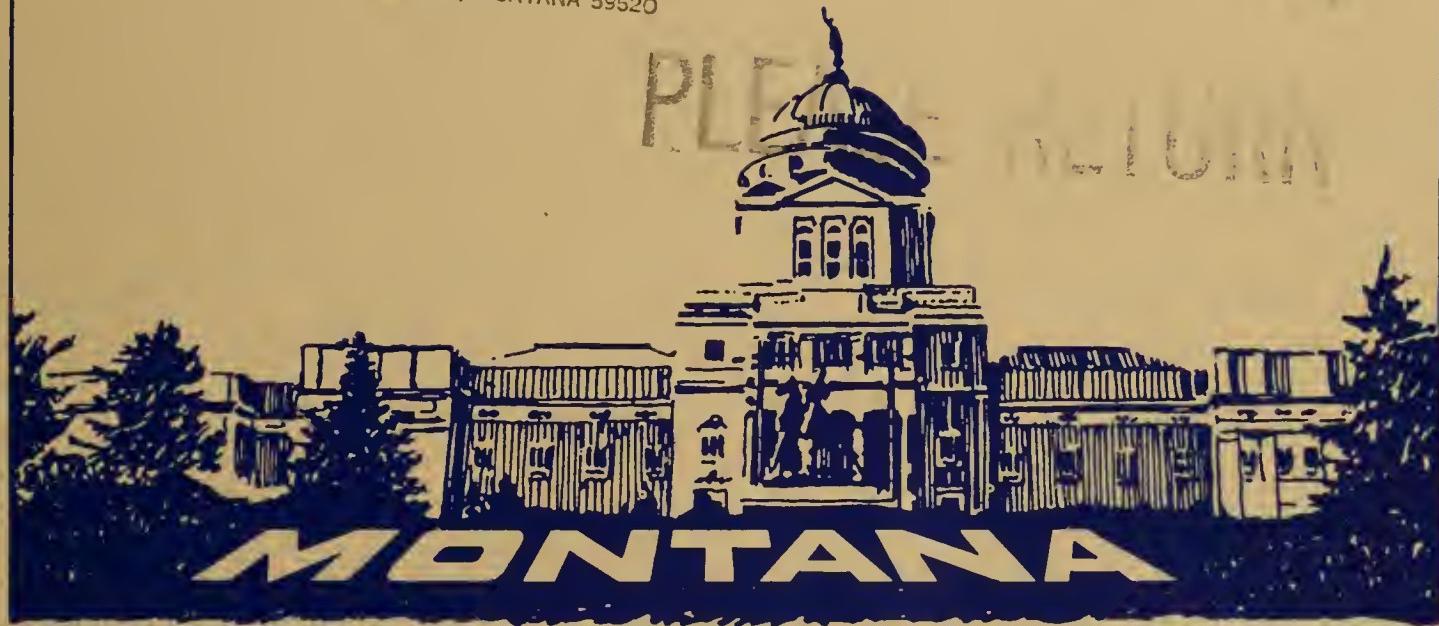
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LEGISLATIVE FISCAL REPORT

1997 Biennium

Volume II

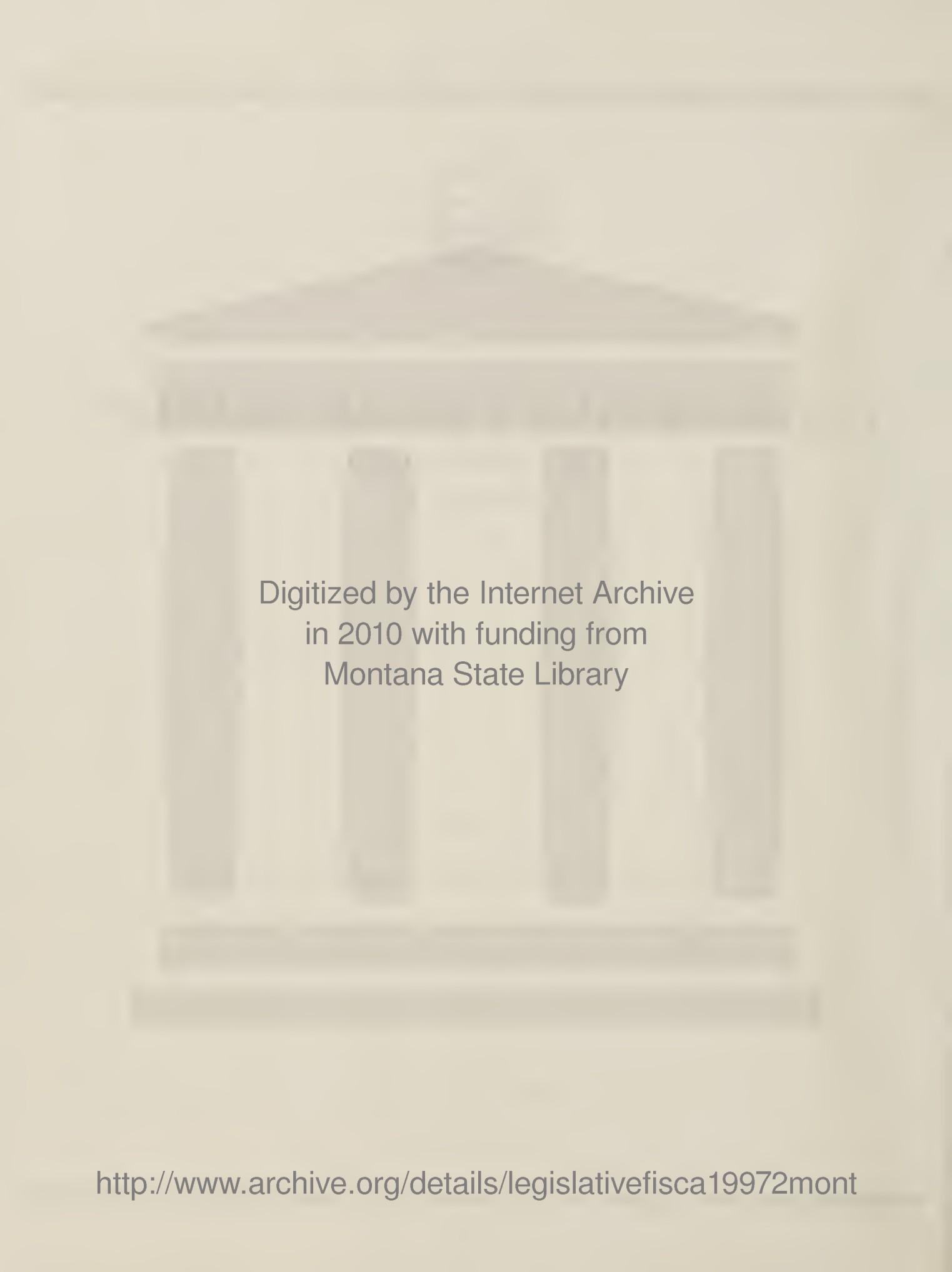
Presented to the Fifty-fourth Legislature

Submitted by

The Office of the Legislative Fiscal Analyst

Helena, Montana

June 1995



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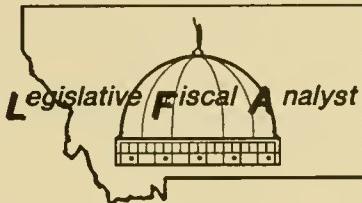
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NATURAL RESOURCES AND COMMERCE



JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

Public Service Regulation
Fish, Wildlife and Parks
Environmental Quality
State Lands*

Livestock
Natural Resources and Conservation**
Agriculture
Commerce***

-----Committee Members-----

House

Representative Roger DeBruycker (Chair)
Representative John Johnson
Representative William Wiseman

Senate

Senator Tom Keating (Vice-Chair)
Senator Loren Jenkins
Senator Judy Jacobson

-----Fiscal Analyst Staff-----

Roger Lloyd
Mark Lee

* Reorganization (SB 234) transferred to Dept. of Environmental Quality and Dept. of Natural Resources and Conservation.

** Reorganization (SB 234) transferred the Energy Division to the Department of Environmental Quality.

*** HB 280 transferred the Milk Control function to the Department of Livestock. SB 4 transferred the Indian Affairs Coordinator function to the Governor's Office.

4201 00 00000

PUBLIC SERVICE REGULATION

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	44.50	(5.00)	0.00	39.50	(5.00)	0.00	39.50	39.50	39.50
Personal Services	1,658,149	(140,874)	0	1,517,275	(134,291)	0	1,523,858	3,041,133	
Operating Expenses	437,380	107,334	0	544,714	(4,302)	0	433,078	977,792	
Equipment	3,878	54,324	4,000	62,202	(2,528)	0	1,350	63,552	
Total Costs	\$2,099,407	\$20,784	\$4,000	\$2,124,191	(\$141,121)	\$0	\$1,958,286	\$4,082,477	
Fund Sources									
State/Other Special	2,080,070	14,453	4,000	2,098,523	(147,452)	0	1,932,618	4,031,141	
Federal Special	19,337	6,331	0	25,668	6,331	0	25,668	51,336	
Total Funds	\$2,099,407	\$20,784	\$4,000	\$2,124,191	(\$141,121)	\$0	\$1,958,286	\$4,082,477	

Agency Description

The Department of Public Service Regulation (PSR) regulates the public utility and railroad industries to provide consumers with safe, reliable, and adequate services at the lowest cost while providing the regulated industries with a fair and reasonable return on their investment. The department is provided for in sections 2-15-2601 and 69-1-102, MCA, and operates under one program, the Public Service Regulation. This program is overseen by five commissioners elected from districts throughout Montana.

Summary of Legislative Action

Because of the federal de-regulation of motorcarriers and passage of Senate Bill 378, the legislature reduced 5.00 FTE and associated operating expenses by \$197,878 in fiscal 1996 and \$199,066 in fiscal 1997.

Funding

The department is primarily funded with state special revenue received from a utility tax levied on regulated utilities set to generate the amount of the agency's appropriation. Federal revenue finances the natural gas pipeline safety program on a 50/50 state special match basis and also provides indirect cost support.

Present Law Adjustments

- 1) Personal Services - Decreases are primarily due to the net of: a) the elimination of 5.0 FTE, who were involved with the regulation of motorcarriers, for a reduction of \$159,657 in fiscal 1996 and \$160,245 in fiscal 1997; b) the fiscal 1995 pay plan authorized by the 1993 legislature; and c) retirement payouts in fiscal 1994.
- 4) Consultant Biennial Appropriation - The legislature approved the executive request for \$113,141 in fiscal 1996 (\$100,000 of which is a biennial appropriation) and \$13,141 in fiscal 1997 (an increase over the \$57,027 spent in fiscal 1994) for consultants and professional services.
- 5) Building Rent - The legislature approved the executive request for \$29,829 additional rent in fiscal 1996 and \$35,556 in fiscal 1997 for a non-state owned building.
- 6) Other - Other increases include increased dues in professional organizations, recruiting expenses, communication charges, and data processing supplies.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	(\$140,874)	(\$134,291)
2 Inflation/Deflation	4,224	5,044
3 Fixed Costs	25,291	9,640
<i>Other Present Law Adjustments</i>		
4 Consultant Biennial Appropriation	\$56,114	(\$43,886)
5 Building Rent	29,829	35,556
6 Other	14,597	12,065
7 Equipment (zero based)	69,824	13,572
8 Motorcarrier Operations & Equipment	(38,221)	(38,821)
Total Present Law Adjustments	\$20,784	(\$141,121)

7) Equipment - The legislature approved the executive equipment request for \$73,702 in fiscal 1996 and \$17,450 in fiscal 1997 (an increase over the \$3,878 spent in fiscal 1994) to purchase: a) one vehicle each year -\$31,600; b) computer equipment (one file server, nine computers, printer, and software) - \$56,402; and c) office equipment - \$1,800. The vehicle appropriation was later removed in further action (see number eight below).

8) Motorcarriers Operations & Equipment - The legislature reduced operations by \$22,721 each fiscal year and equipment by \$15,500 in fiscal 1996 and \$16,100 in fiscal 1997 because of the associated reduction of 5.0 FTE involved with the regulation of motorcarriers.

New Proposals							
		Fiscal 1996	Fiscal 1997				
New Proposal	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds	
1 Color Printer		\$4,000					
Totals		\$4,000					

New Proposals

1) Color Printer - The legislature approved \$4,000 state special revenue in fiscal 1996 to purchase a new color printer.

Other Legislation

Senate Bill 378 - The legislation puts Montana in conformance with recent federal legislation concerning motor carriers. It eliminates state regulation of carriers of property with the exception of household property, garbage, and passengers, which are specifically defined. Although not required to be in conformance with federal regulation, waste tires and wastewater are also exempt. It is estimated that the legislation will reduce the number of regulated carriers by 50 percent. SB 378 also transfers the single-state registration program and authority to set fees to the Department of Transportation. Because of the reduction in duties caused by the legislation, the legislature reduced the department's budget by 5.0 FTE and associated operating expenses by \$197,878 in fiscal 1996 and \$199,066 in fiscal 1997.

Executive Budget Comparison

The legislature did not approve the executive request for increased travel, reducing the agency appropriation \$16,302 each fiscal year below the Executive Budget. In addition, the legislature eliminated 5.0 FTE for personal services reductions of \$159,657 in fiscal 1996 and \$160,245 in fiscal 1997 due to the federal de-regulation of motor carriers

4201 00 00000 PUBLIC SERVICE REGULATION Agency Summary				EXECUTIVE BUDGET COMPARISON				
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	44.50	44.50	39.50	(5.00)	44.50	39.50	(5.00)	(5.00)
Personal Services	1,658,149	1,605,968	1,517,275	(88,693)	1,612,647	1,523,858	(88,789)	(177,482)
Operating Expenses	437,380	588,737	544,714	(44,023)	478,862	433,078	(45,784)	(89,807)
Equipment	3,878	77,702	62,202	(15,500)	17,450	1,350	(16,100)	(31,600)
Total Costs	\$2,099,407	\$2,272,407	\$2,124,191	(\$148,216)	\$2,108,959	\$1,958,286	(\$150,673)	(\$298,889)
Fund Sources								
State/Other Special	2,080,070	2,244,239	2,098,523	(145,716)	2,080,791	1,932,618	(148,173)	(293,889)
Federal Special	19,337	28,168	25,668	(2,500)	28,168	25,668	(2,500)	(5,000)
Total Funds	\$2,099,407	\$2,272,407	\$2,124,191	(\$148,216)	\$2,108,959	\$1,958,286	(\$150,673)	(\$298,889)

and \$38,221 in fiscal 1996 and \$38,821 in fiscal 1997 in associated operating expenses. The legislature did not approve the executive new proposals for the master meter operators or the personal services reduction for a net increase of \$65,964 in fiscal 1996 and \$66,456 in fiscal 1997.

DEPT OF FISH, WILDLIFE & PARKS

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	554.95	(13.70)	1.18	542.43	(13.70)	6.18	547.43	547.43
Personal Services	17,870,078	110,209	(406,042)	17,574,245	195,135	(266,624)	17,798,589	35,372,834
Operating Expenses	12,269,362	1,087,909	2,909,361	16,266,632	(609,838)	3,187,580	14,847,104	31,113,736
Equipment	1,442,896	(914,004)	282,500	811,392	(901,301)	287,684	829,279	1,640,671
Grants	269,127	708,327	0	977,454	78,327	0	347,454	1,324,908
Benefits and Claims	9,497	5,503	0	15,000	5,503	0	15,000	30,000
Transfers	193,195	2,018,615	0	2,211,810	1,933,965	0	2,127,160	4,338,970
Debt Service	31,737	(31,737)	0	0	(31,737)	0	0	0
Total Costs	\$32,085,892	\$2,984,822	\$2,785,819	\$37,856,533	\$670,054	\$3,208,640	\$35,964,586	\$73,821,119
Fund Sources								
General Fund	288,024	110,723	12,000	410,747	101,907	20,000	409,931	820,678
State/Other Special	22,698,310	2,696,669	1,849,984	27,244,963	916,227	2,265,207	25,879,744	53,124,707
Federal Special	7,019,742	2,257,246	923,835	10,200,823	1,731,736	923,433	9,674,911	19,875,734
Proprietary	2,079,816	(2,079,816)	0	0	(2,079,816)	0	0	0
Total Funds	\$32,085,892	\$2,984,822	\$2,785,819	\$37,856,533	\$670,054	\$3,208,640	\$35,964,586	\$73,821,119

Agency Description

The Montana Department of Fish, Wildlife, and Parks (FWP) is responsible for managing Montana's fish, wildlife, and recreational resources and providing outdoor recreational opportunities for Montanans. The department is responsible for a state park system that includes scenic, historical, cultural, and recreational resources. The department's operational programs are in seven divisions and seven regional field offices. The five-member FWP Commission provides policy direction on resource management, seasons, and use of department lands.

Summary of Legislative Action

The legislature approved present law changes increasing base expenditures by 9.3 percent in fiscal 1996 and 2.1 percent in fiscal 1997. Major changes include a biennial increase of \$305,344 for full funding of personal services, an increase of \$478,071 in operating, a reduction of \$1,815,305 in equipment, an increase of \$786,654 in grants, and an increase \$3,926,000 in legislative contract authority. New proposals added 6.18 FTE and \$5,994,459 over the biennium, with the largest addition occurring from the passage of HB 195 which established hunting enhancement access programs.

Legislative Contract Authority - The legislature approved \$3.9 million of legislative contract authority (LCA) in seven programs for the 1997 biennium (Table 1). LCA provides a means by which the legislature appropriates additional federal and private funds the department receives after the legislature adjourns, thus eliminating the need for budget amendments. Language in HB 2 (see below) limits the use of LCA to federal and private funds and specifies that expenditures must be kept separate from current level expenditures and not included in the base for budgeting purposes. The department is required to submit a yearly report to the Legislative Fiscal Analyst on LCA expenditures for each project.

Table 1
Department of Fish, Wildlife and Parks
Legislative Contract Authority, 1997 Biennium

Program	Private (SSR)	Fiscal 1996		Private (SSR)	Fiscal 1997	
		Federal	Total		Federal	Total
Administration & Finance		\$30,000	\$30,000		\$30,000	\$30,000
Fisheries	\$273,500	726,500	1,000,000	\$210,900	789,100	1,000,000
Law Enforcement	70,000		70,000	70,000		70,000
Wildlife	84,000	639,000	723,000	79,000	604,000	683,000
Parks	19,000	6,000	25,000	19,000	6,000	25,000
Conservation Education	7,500	12,500	20,000	7,500	12,500	20,000
Department Management		<u>115,000</u>	<u>115,000</u>		<u>115,000</u>	<u>115,000</u>
Total	\$454,000	\$1,529,000	\$1,983,000		\$386,400	\$1,556,600
						\$1,943,000

Removal of Proprietary Funds - HB 576 eliminated the requirement that proprietary funds be appropriated by the legislature. Appropriations previously approved by the legislature totaling 5.13 FTE and \$5.0 million were removed from the department's five proprietary accounts (Table 2). Divisions purchasing items (such as uniforms) from the warehouse pay the price of the items. Divisions using aircraft, vehicle, or duplicating services pay a charge based on the level of usage. Since these expected payments are appropriated in the divisions (from various accounts), legislative action removed duplicative appropriations for the same service.

Table 2
Department of Fish, Wildlife and Parks
Proprietary Funds Removed
1997 Biennium

Program	Fiscal 1996		Fiscal 1997	
	Proprietary	FTE	Proprietary	FTE
Administration & Finance				
Vehicle account	\$1,680,215	1.90	\$1,511,177	1.90
Warehouse account	130,084	0.16	130,055	0.16
Duplicating account	45,027	0.75	45,114	0.75
Field Services				
Vehicle account	179,108		183,108	
Parks				
Snowgrooming acct.	532,050			
Capitol Grounds acct.	267,240	2.32	263,236	2.32
Total	\$2,833,724	5.13	\$2,132,690	5.13

Removal of Statutory Appropriations - Certain activities are appropriated funding by statute and, therefore, do not need temporary appropriations authorized in HB 2. Since the lodging facility use tax funding in the Parks Division is already statutorily appropriated for maintenance of facilities in state parks (section 15-65-121, MCA), the legislature did not appropriate funding for 4.99 FTE and operating expenses totaling \$350,000 each fiscal year in HB 2 that had been requested by the executive.

General License Account - The legislature appropriated \$24.6 million in fiscal 1996 and \$25.0 million in fiscal 1997 from the general license account in HB 2 and HB 5. With these appropriations, revenue estimates contained in the executive budget, and anticipated revenue impacts from HB 195 and HB 384, the fund balance is expected to be \$12.0 million at the end of the 1997 biennium (Table 3). However, the fund balance may vary because of factors affecting revenue, such as a greater decline in mule deer populations than anticipated and a reduction in fishing license revenue because of declines in fish populations due to whirling disease.

Table 3
Fish, Wildlife and Parks
General License Account, 1997 Biennium

	Fiscal 1994	Fiscal 1995	Fiscal 1996	Fiscal 1997
Beginning Balance	\$10,176,691	\$14,209,771	\$16,087,725	\$14,516,785
Revenues	23,200,161	22,916,900	23,024,353	22,561,918
Total Funds Available	\$33,376,852	\$37,126,671	\$39,112,078	\$37,078,703
Disbursements				
Program Expenditures	\$18,067,221	\$17,850,514	\$19,641,220	\$19,280,169
Continuing Capital Costs	447,160	569,415	0	0
Long Range Building Projects	449,173	1,965,787	3,062,260	3,062,260
Pay Plan (estimate)	0	133,073	273,894	706,204
New Proposals	0	520,157	1,617,919	1,989,010
Total Disbursements	\$18,963,554	\$21,038,946	\$24,595,293	\$25,037,643
Adjustments	(203,527)	0	0	0
Ending Balance	\$14,209,771	\$16,087,725	\$14,516,785	\$12,041,060

Language

- "The appropriations for the legislative contract authority [shown in Table 1] are subject to the following provisions:
- (1) Legislative contract authority applies only to federal and private funds.
 - (2) The department may transfer appropriation authority between the state special revenue fund and the federal special revenue fund. Transfers may not change the total appropriated to the department for legislative contract authority.
 - (3) Legislative contract authority expenditures must be reported on state accounting records. The records must be separate from present law operations. In preparing the 1999 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.
 - (4) A report must be submitted by the department to the legislative fiscal analyst following the end of each fiscal year of the biennium. The report must include a listing of projects, with the related amount of expenditures for each project."

Other Legislation

House Bill 5 - HB 5 appropriated money for capital projects for the 1997 biennium. The department appropriations total \$20.4 million for: 1) capital projects - \$6.5 million in state special revenue appropriations (not including the lodging facility use tax, which is statutorily appropriated) and \$1.4 million federal special revenue; 2) land acquisition

and development - \$6.1 million state special revenue and \$1 million federal special revenue; 3) river and dam restoration - \$1.9 million in state special revenue; and 4) capital improvements to facilities - \$3.2 million state special revenue and \$0.4 million federal special revenue. The legislature authorizes the department to transfer authority between fund types. HB 5 allows up to 2 percent of major capital project appropriations for construction to be used for future maintenance. By law, up to 1 percent of the appropriation for each capital project may be used to buy works of art.

Coordination language identifies the \$1.4 million appropriated for river restoration and restoration of the Tongue River Dam and the \$2.5 million appropriated for the Bluewater hatchery as being appropriated according to HB 349 (see below). However, \$250,000 of the appropriation for the Bluewater Hatchery and \$250,000 of other appropriations from the general license account may be used to address whirling disease in Montana's waterways. Coordination instructions also provide that the \$800,000 state special revenue appropriated for fishing access site acquisition be allocated according to the provisions of HB 512 (see below).

In addition to the above legislation appropriating funds to the department, the following legislation has a fiscal impact on the department.

House Bill 6 - The Department of Natural Resources and Conservation is appropriated \$100,000 of RIT interest as a renewable resource grant to the department for assessment of aquatic resources in the Blackfoot Basin. HB 6 states that an appropriation is established for any state entity that receives a grant.

House Bill 195 - The legislation creates voluntary hunter management and hunting access enhancement programs through October 1, 2001 designed to promote public access to private land for hunting purposes. The efforts may be developed either within or outside the scope of the existing block management program. Incentives for private landowners who enroll in the hunter management program may include a Class AAA sportsman license for residents and a Class B-10 big game combination license for non-residents. Incentives for private landowners who enroll in the hunting access enhancement program may include cash payments (up to \$8,000) to landowners or direct payment to others for providing mitigation of potential impacts such as ranch maintenance, weed control, fire protection, and liability insurance associated with public hunting. The legislation authorizes the Fish, Wildlife and Parks Commission to set the fees for outfitter-sponsored Class B-10 non-resident combination and Class B-11 non-resident deer combination licenses so that not more than a yearly average of 5,500 Class B-10 and 2,300 Class B-11 outfitter-sponsored licenses are sold over a five-year period. A review committee is established to review the programs. If the committee determines that additional funding for the programs is desirable, the legislation mandates that consideration be given to resident hunting license fee increases. An additional \$1.3 million in fiscal 1996 and \$1.5 million in fiscal 1997 is expected from increasing in the B-10 license fee from \$485 to \$650 in fiscal 1996 and to \$675 in fiscal 1997 and increasing the B-11 license fee from \$250 to \$400 in fiscal 1996 and to \$425 in fiscal 1997. In HB 2, \$1.1 million state special revenue (from the general license account) and \$1.5 million in fiscal 1997 is appropriated to fund 4.00 FTE in fiscal 1996 and 9.00 FTE in fiscal 1997 and associated expenses to implement this legislation.

House Bill 349 - The legislation establishes a future fisheries program through July 1, 2005 to protect and enhance Montana fisheries by promoting fishery habitat and spawning areas. A future fisheries review panel is established to review and recommend projects. Funding for the program in the 1997 biennium is redirected from the: 1) river restoration program - \$290,000; 2) Bluewater hatchery project - \$1.5 million; and 3) Tongue River restoration project for use in the Tongue River Basin - \$510,000. These funds are appropriated in HB 5 (see above). Money to implement this legislation and hire 2.00 FTE is appropriated in HB 2. The department is required to submit a report to the legislature on program activities and expenses, project schedules, and anticipated expenses for the 10 year program.

House Bill 384 - The legislature renamed the resident sportsman's license a combination sports license and provided for two categories and prices: 1) fishing, upland game bird, deer, and elk - \$54; and 2) fishing, upland game bird, deer, elk, and black bear - \$64. Previously, sportsmen could only purchase the sportsman license, which included black bear, for \$64. It is estimated that 14,330 sportsmen who previously had purchased the sportsman's license for \$64

will purchase the combination sports license at the lower price of \$54, resulting in a \$143,300 reduction each fiscal year in general license account revenues.

House Bill 512 - The legislation requires that through July 1, 1999, at least 50 percent of fishing license funds earmarked for fishing access sites and stream, river and lake frontages be used for operation and maintenance. Priority must be given, in order, to weed management, streambank restoration, and general operations and maintenance. The remainder of the earmarked funds may be used to purchase and develop these sites. Previously, up to 25 percent of the earmarked funds could be used for operation, development, and maintenance of these sites with the remainder available to purchase sites. Of the \$800,000 appropriated in HB 5 for the 1997 biennium, an estimated \$400,000 will be available for site acquisition and development and \$400,000 will be available for operations and maintenance. The department is to report to the 56th Legislature by December 1, 1998 on the operation and maintenance program, the status of weed management, and the status of streambank restoration.

House Bill 600 - The 1993 legislature temporarily allocated 25 percent of the boat fee in lieu of taxes to the motorboat account to improve regional boating facilities under the control of the department and created a Boating Advisory Council. The allocation and council were to terminate July 1, 1995. The 1995 legislature extended the allocation to the department and the life of the council until June 30, 2002 and reduced the fee revenue allocation to the department to 20 percent. The revenue is to be used to improve regional boating facilities under the control of the department and to cover costs of the council. The legislation results in new revenue to the department that would have been distributed to the counties, estimated to be \$148,000 each fiscal year. Appropriation authority to spend the money was authorized by the legislature in HB 5.

Senate Bill 269 - The legislation adopts the Interstate Wildlife Violator Compact that allows states to join a reciprocal program of compliance with wildlife management laws that may result in suspension of a person's hunting, fishing, and trapping privileges in all participating states upon suspension in one state. Although \$8,600 in fiscal 1996 and \$5,600 in fiscal 1997 in costs associated with processing notifications of suspensions received from other states and in notifying other states were identified, no additional appropriations were authorized in HB 2.

Senate Bill 312 - The legislature made the department responsible for managing unexposed and uninfected bison in Montana and requires the department to coordinate with the Department of Livestock in managing infected bison. The department and the Department of Livestock are urged to enter into a long-term management agreement with the National Park Service and to prepare a joint report to the 55th Legislature on bison management in Montana. Although expenditures by the department are expected to decrease because of reduced duties under the legislation, the legislature did not reduce appropriation authority.

Senate Bill 321 - The legislature approved legislation increasing the percentage allocation of the gasoline dealers' license tax to the snowmobile account from 23/64 of 1 percent to 15/28 of 1 percent, an increase in revenue of 49.1 percent. The revenue in the account is to be used to: 1) develop and maintain snowmobile facilities open to the general public - 86 percent; 2) promote snowmobile safety and education - 8.67 percent; 3) enforce snowmobile laws - 4.33 percent; and 4) transfer to the Montana noxious weed control trust fund - 1 percent. Appropriations to spend the anticipated \$198,437 in fiscal 1996 and \$220,295 increase in revenue were included in HB 2.

Senate Bill 389 - The legislation clarifies the administration and regulation of game farms by the Department of Fish, Wildlife and Parks and the Department of Livestock. Game farm license and renewal fees were increased and based on the number of game farm animals: 1) 1 to 20 animals - \$200 initial, \$50 renewal; 2) 21 to 60 animals - \$300 initial, \$100 renewal; and 3) over 60 animals - \$400 initial, \$200 renewal. Previously for all game farms, the initial license fee was \$200 and the renewal fee was \$50. All fees are for the use of the Department of Fish, Wildlife and Parks to administer its game farm responsibilities. Previously, fee revenue was evenly distributed to the Department of Fish, Wildlife and Parks and Department of Livestock. In fiscal 1994, seven new licenses were issued and 58 licenses were renewed.

DEPT OF FISH, WILDLIFE & PARKS Agency Summary				EXECUTIVE BUDGET COMPARISON				
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	554.95	544.46	542.43	(2.03)	545.21	547.43	2.22	2.22
Personal Services	17,870,078	17,614,095	17,574,245	(39,850)	17,715,236	17,798,589	83,353	43,503
Operating Expenses	12,269,362	16,369,918	16,266,632	(103,286)	15,083,263	14,847,104	(236,159)	(339,445)
Equipment	1,442,896	1,912,853	811,392	(1,101,461)	1,525,691	829,279	(696,412)	(1,797,873)
Grants	269,127	1,015,860	977,454	(38,406)	300,860	347,454	46,594	8,188
Benefits and Claims	9,497	15,000	15,000	0	15,000	15,000	0	0
Transfers	193,195	3,216,310	2,211,810	(1,004,500)	3,308,060	2,127,160	(1,180,900)	(2,185,400)
Debt Service	31,737	0	0	0	0	0	0	0
Total Costs	\$32,085,892	\$40,144,036	\$37,856,533	(\$2,287,503)	\$37,948,110	\$35,964,586	(\$1,983,524)	(\$4,271,027)
Fund Sources								
General Fund	288,024	285,777	410,747	124,970	284,840	409,931	125,091	250,061
State/Other Special	22,698,310	25,847,225	27,244,963	1,397,738	24,549,744	25,879,744	1,330,000	2,727,738
Federal Special	7,019,742	11,514,591	10,200,823	(1,313,768)	10,974,984	9,674,911	(1,300,073)	(2,613,841)
Proprietary	2,079,816	2,496,443	0	(2,496,443)	2,138,542	0	(2,138,542)	(4,634,985)
Total Funds	\$32,085,892	\$40,144,036	\$37,856,533	(\$2,287,503)	\$37,948,110	\$35,964,586	(\$1,983,524)	(\$4,271,027)

Executive Budget Comparison

The legislature approved \$1,004,500 less legislative contract authority (transfers) in fiscal 1996 and \$1,180,900 less in fiscal 1997 than requested in the Executive Budget. Since the lodging facility use tax funding in the Parks Division is already statutorily appropriated, the legislature did not appropriate funding for 4.99 FTE and operating expenses totaling \$350,000 each year in HB 2 as requested by the executive. The legislature reduced contracted services by \$60,000 each year and increased grants to the Department of Livestock for predator control by like amounts, in addition to the \$110,000 requested by the executive. The legislature reduced: 1) contracted services and grants in the Wildlife Division by \$39,737 each year; 2) LWCF (Land and Water Conservation Fund) funding by \$100,000 over the biennium; and 3) miscellaneous other expenses requested by the executive by \$38,575 in fiscal 1996 and \$53,513 in fiscal 1997. At the request of the executive, the legislature increased funding for: 1) capitol grounds maintenance program by \$22,000 each year (\$11,000 general fund); 2) MEPA requirements for game farm applications by \$23,526 each year; and 3) the NRIS grant to the Montana State Library by \$15,000 in fiscal 1996. A biennial appropriation for game farms was created by reducing fiscal 1997 funding by \$104,000 and increasing fiscal 1996 funding by the same amount. The legislature approved an additional \$525,440 in fiscal 1996 and \$28,288 in fiscal 1997 to spend excess fund balances in the snowmobile fuel and registration accounts and an additional \$150,000 each fiscal year to fund law enforcement operations.

The legislature reduced four executive new proposals by 0.75 FTE and \$547,769 in fiscal 1996 and \$471,557 in fiscal 1997, and increased three new proposals by 2.09 FTE and \$55,256 in fiscal 1996 and \$55,656 in fiscal 1997. In addition, the legislature approved eight additional new proposals: 1) \$62,000 each fiscal year to contract with counties for water safety law enforcement; 2) \$140,000 in fiscal 1996 and \$124,000 in fiscal 1997 to investigate whirling disease in fish; 3) 2.00 FTE and \$100,000 each fiscal year to implement HB 349; 4) \$1,054,751 in fiscal 1996 and \$1,384,302 in fiscal 1997 to fund 2.00 FTE in fiscal 1996 and 4.00 FTE in fiscal 1997 and operational expenses to implement HB 195 in the Field Services Division; 5) \$58,598 in fiscal 1996 and \$154,351 in fiscal 1997 to fund 2.00 FTE in fiscal 1996 and 5.00 FTE in fiscal 1997 to implement HB 195 in the Law Enforcement Division; and 6) \$291,911 in fiscal 1996 and \$220,295 in fiscal 1997 to implement other legislation. These proposals were not included in the Executive Budget. Due to HB 576, which removed proprietary fund appropriations, 5.13 FTE and \$2,496,443 in fiscal 1996 and

\$2,138,542 in fiscal 1997 of funds requested by the executive were removed. Due to SB 83, which de-earmarked fine revenue, general fund was increased by \$113,970 in fiscal 1996 and \$114,095 in fiscal 1997 and state special revenue decreased by \$89,640 each fiscal year.

DEPT OF FISH, WILDLIFE & PARKS		ADMINISTRATION & FINANCE DIVISION							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		52.88	(2.81)	0.00	50.07	(2.81)	0.00	50.07	50.07
Personal Services	1,525,011	7,077	(24,174)	1,507,914	14,195	(24,505)	1,514,701	3,022,615	
Operating Expenses	2,360,412	(470,261)	0	1,890,151	(509,888)	75,000	1,925,524	3,815,675	
Equipment	840,372	(733,022)	18,320	125,670	(732,332)	24,140	132,180	257,850	
Transfers	175,009	83,801	0	258,810	39,151	0	214,160	472,970	
Total Costs	\$4,900,804	(\$1,112,405)	(\$5,854)	\$3,782,545	(\$1,188,874)	\$74,635	\$3,786,565	\$7,569,110	
Fund Sources									
State/Other Special	2,788,473	595,627	(5,854)	3,378,246	531,534	(365)	3,319,642	6,697,888	
Federal Special	463,862	(59,563)	0	404,299	(71,939)	75,000	466,923	871,222	
Proprietary	1,648,469	(1,648,469)	0	0	(1,648,469)	0	0	0	
Total Funds	\$4,900,804	(\$1,112,405)	(\$5,854)	\$3,782,545	(\$1,188,874)	\$74,635	\$3,786,565	\$7,569,110	

Program Description

The Administration and Finance Division is the administrative and support unit that provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, federal aid administration, and word processing functions. In addition, the program administers a planning system to formulate and evaluate department-wide work efforts. The Licensing and Data Processing Bureau provides support for the department's automated functions and administers the license drawings, maintains all associated records, distributes all licenses to licensing agents, and keeps the necessary records.

Funding

The Administration and Finance Division's operating budget is funded from the general license account and indirect cost assessments on federal grants and non-federal accounts. The non-federal fund assessments of 11.1 percent on operations and 5.2 percent on capital appropriations are a non-budgeted transfer to the general license account, from which all expenses are paid. The federal overhead rate of 17.7 percent is applied to federal grants, which include Pittman-Robertson funds, Land and Water Conservation Fund (LWCF) monies, Corps of Engineers, and Coast Guard grants. The Field Services and Department Management divisions also share a portion of the federal and non-federal indirect cost pools, and the Parks Division receives indirect cost funds from the LWCF. Legislative contract authority is funded with \$30,000 each year of federal funds. The general license account funds a portion of personal services in the vehicle and warehouse programs.

Present Law Adjustments

1) Personal Services - The increase is due primarily to the net of vacancy savings and the pay plan authorized by the 1993 legislature, and retirement and other termination costs. Legislative action reflects the transfer of 0.10 FTE to the Field Services Division in fiscal 1994. For personal services appropriations removed by HB 576, see number 12 below.

4) Contracted Services - The legislature approved the executive request for \$22,000 in fiscal 1996 and \$15,000 in fiscal 1997 in contracted services, an increase over the \$7,330 spent in fiscal 1994. These contracted services include: a) a maintenance and enhancement contract with the Department of Administration for the department's budget allocation system; b) drug testing for certain employees; c) data entry of historic personnel data onto a newly purchased personnel maintenance software package; and d) copying and filing projects.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$78,335	\$85,749	
2 Inflation/Deflation	24,096	48,663	
3 Fixed Costs	147,947	111,021	
<i>Other Present Law Adjustments</i>			
4 Contracted Services	\$14,670	\$7,670	
5 License Commissions	41,491	59,250	
6 Printing	67,297	59,797	
7 Statewide Indirect Costs	27,443	27,443	
8 Warehouse Inventory Increase	56,317	56,317	
9 Vehicle Inflation Differential Transfer	53,801	9,151	
10 Legislative Contract Authority Transfer	30,000	30,000	
11 Equipment	90,481	(129,716)	
12 HB576-Removal of Proprietary Funds	(1,744,283)	(1,554,219)	
Total Present Law Adjustments	(\$1,112,405)	(\$1,188,874)	

5) **License Commissions** - The legislature approved the executive request for \$540,634 in fiscal 1996 and \$558,393 in fiscal 1997 for license agents' commissions, an increase over the \$499,143 spent in fiscal 1994. License agents receive a \$0.50 commission for each license sold for the department.

6) **Printing** - The legislature approved the executive request for \$162,244 in fiscal 1996 and \$154,744 in fiscal 1997 for printing, an increase over the \$94,947 spent in fiscal 1994. The request includes "window" mailers compatible with the U.S. Postal Service scanners, over-the-counter hunting and fishing licenses, department personnel manuals, three additional licensee mail surveys, and special licenses, rules, forms, and applications.

7) **Statewide Indirect Costs** - The legislature approved the executive request for \$83,500 each year to pay statewide cost allocation plan expenses to the general fund, an increase over the \$56,057 spent in fiscal 1994.

8) **Warehouse Inventory Increase** - The legislature approved the executive request for \$120,000 each year of proprietary funds to increase the inventory of department uniforms and other specialty items for employees, an increase over the \$63,683 spent in fiscal 1994. Appropriations for these increases were removed due to HB 576 (see number 12 below).

9) **Vehicle Inflation Differential Transfer** - The legislature approved the executive request for \$228,810 in fiscal 1996 and \$184,160 in fiscal 1997 from the general license account to deposit to the vehicle proprietary account, an increase over the \$175,009 spent in fiscal 1994. Due to federal requirements, the department's per-mile charge cannot include anticipated inflationary cost increases. Therefore, these increases fund the difference necessary to budget for vehicle replacements. Appropriations for these increases were removed due to HB 576 (see number 12 below).

10) **Legislative Contract Authority Transfer** - The legislature approved \$30,000 each year of legislative contract authority. For discussion of this item, see "Summary of Legislative Action" in the agency section.

11) **Equipment** - The legislature approved the executive request for \$930,853 in fiscal 1996 and \$710,656 in fiscal 1997 to purchase 82 vehicles, a tire changer, a welder, a jointer, a tool box, office equipment, and 100 computers. Appropriations of \$823,503 in fiscal 1996 and \$602,616 in fiscal 1997 for vehicles were removed due to HB 576 (see number 12 below).

12) **House Bill 576-Removal of Proprietary Funds** - Proprietary funding for the vehicle enterprise fund (and 1.90 FTE), the duplicating center (and 0.75 FTE), and the warehouse account (and 0.16 FTE) were taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The vehicle enterprise function receives revenue from a per-mile charge to all the department's programs for use of vehicles, based on the type of vehicle used. In present law action prior to passage of HB 576, the legislature had appropriated \$1,744,283 in fiscal 1996 and \$1,554,219 in fiscal 1997, including 2.81 FTE. In establishing this level, the legislature maintained the fiscal 1994 FTE and increased the present law operating expenses by \$110,118 in fiscal 1996 and \$65,468 in fiscal 1997. In addition, \$111,043 in fiscal 1996 and \$132,127 in fiscal 1997 in new proposals to fund inflation costs of new vehicles and part of the pay plan were removed.

5201 01 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Admin/Finance Equipment			\$18,320			\$24,140
2 Migratory Bird Harvest Survey						75,000
3 Personal Services Reductions			(24,174)			(24,505)
Totals			(\$5,854)			\$74,635

New Proposals

- 1) Administration & Finance Equipment - The legislature approved the executive request for an additional \$18,320 in fiscal 1996 and \$24,140 in fiscal 1997 from the general license account to purchase 20 new computers.
- 2) Migratory Bird Harvest Survey - The legislature approved an additional \$75,000 federal funds in fiscal 1997 to conduct a migratory bird harvest survey. The federal Fish and Wildlife Service requires that by fiscal 1998, the department more intensively survey migratory bird hunters to provide better harvest information to better manage populations.
- 3) Personal Services Reductions - The legislature approved reductions in personal services appropriations of \$24,174 in fiscal 1996 and \$24,505 in fiscal 1997.

5201 02 00000

DEPT OF FISH, WILDLIFE & PARKS**Program Summary**

Budget Item	Base Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	Total Leg. Budget
	Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE	36.03	0.05	0.00	36.08	0.05	2.00	38.08	38.08
Personal Services	996,803	111,932	(20,783)	1,087,952	117,657	28,864	1,143,324	2,231,276
Operating Expenses	1,130,332	(1,768)	1,218,807	2,347,371	31,623	1,558,070	2,720,025	5,067,396
Equipment	42,367	(42,367)	2,250	2,250	(36,867)	6,000	11,500	13,750
Benefits and Claims	9,497	5,503	0	15,000	5,503	0	15,000	30,000
Total Costs	\$2,178,999	\$73,300	\$1,200,274	\$3,452,573	\$117,916	\$1,592,934	\$3,889,849	\$7,342,422
Fund Sources								
State/Other Special	1,561,770	258,282	1,077,274	2,897,326	301,632	1,424,934	3,288,336	6,185,662
Federal Special	490,979	(58,732)	123,000	555,247	(57,466)	168,000	601,513	1,156,760
Proprietary	126,250	(126,250)	0	0	(126,250)	0	0	0
Total Funds	\$2,178,999	\$73,300	\$1,200,274	\$3,452,573	\$117,916	\$1,592,934	\$3,889,849	\$7,342,422

Program Description

The Field Services Division provides services in five areas. The Game Damage program provides assistance to landowners in minimizing impacts of game animals to their property and crops. The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas. The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department. The Landowner/Sportsmen Relation and Block Management programs establish and maintain communication with user and resource-based organizations and individuals. They also administer the Livestock Loss Reimbursement program and the Block Management program, which provides habitat and recreational access on private property. The Land Unit is responsible for the real estate functions of the department, including acquisition and disposal of real estate and real property and management of all permanent land records and cabin leases.

Funding

The Field Services Division's primary state special funding source is the general license account, with lesser amounts from coal tax trust interest and wildlife habitat trust interest. Federal funding consists of this division's share of the indirect cost pool, as well as Dingell-Johnson and Pittman-Robertson federal grants.

Present Law Adjustments

- 1) **Personal Services** - The increase is due to the net of reversions, the pay plan authorized by the 1993 legislature, increased benefits, retirement buyouts, and termination payouts. Legislative action reflects the transfer of FTE from other divisions to establish field-based conservation specialists positions in the Field Services Division and a net reduction of FTE transferred to other divisions.
- 4) **Contracted Services** - The legislature approved the executive request for \$78,500 each fiscal year to fund various contracts for game damage, archeological and cultural surveys of potential land disposals, topographical planning and surveys, a disabled access coordinator, and title insurance and miscellaneous bonds
- 5) **Game Damage** - The legislature approved the executive request for \$127,135 in fiscal 1996 and \$137,135 in fiscal 1997 for construction material to protect haystacks on private land from game damage, an increase over the \$102,135 spent in fiscal 1994.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$111,932	\$117,657
2 Inflation/Deflation	5,838	9,429
3 Fixed Costs	10,010	10,761
<i>Other Present Law Adjustments</i>		
4 Contracted Services	\$20,731	\$20,731
5 Game Damage	25,000	35,000
6 Block Management	23,360	23,360
7 Aircraft Maintenance	30,000	20,000
8 Taxes and Assessments	24,000	36,000
9 Equipment	(42,367)	(36,867)
10 Livestock Payments	5,503	5,503
11 Motor Pool Inflation	7,048	14,097
12 Other	1,353	1,353
13 HB576-Removal of Proprietary Funds	(149,108)	(139,108)
Total Present Law Adjustments	\$73,300	\$117,916

bear traps and a magnetic locator.

10) **Livestock Payments** - The legislature approved the executive request for \$15,000 each year from the general license account to reimburse landowners for livestock shot by hunters when public access is allowed on their property, an increase over the \$9,497 spent in fiscal 1994.

11) **Motor Pool Inflation** - The legislature approved the executive request for additional general license account funds for inflationary increases in the department's motor pool.

13) **House Bill 576-Removal of Proprietary Funds** - Proprietary funding for the Aircraft Unit was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. Revenue is received from an hourly charge to all the department's programs for use of aircraft, based on the type of aircraft used. In present law action prior to passage of HB 576, the legislature had appropriated \$149,108 in fiscal 1996 and \$139,108 in fiscal 1997. In establishing this level, the legislature maintained the fiscal 1994 FTE and increased the present law operating expenses levels by \$30,000 in fiscal 1996 and \$20,000 in fiscal 1997. In addition, \$30,000 in fiscal 1996 and \$44,000 in fiscal 1997 of new proposals to fund aircraft equipment purchases were removed.

New Proposals

1) **Field Services Equipment** - The legislature approved the executive request to purchase a micro-fiche reader/printer, bookshelves, and 2 computer desks. Funding is from the general license account.

2) **R-7 Block Management** - The legislature approved the executive request for an additional 1.2 FTE and \$243,967 in fiscal 1996 and \$304,069 in fiscal 1997 to expand the current block management program in Region 7. Department staff state that this new proposal would accelerate attainment of the goal for 6 million acres of free public access to private lands with deer and antelope hunting opportunities under the block management program in Region 7 from the current 2.5 million acres.

5201 02 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Field Services Equipment			\$2,250			\$6,000
2 R-7 Block Management	1.20		243,967	1.20		304,069
3 HB195 - Hunting Access Enhance	2.00		1,054,751	4.00		1,384,302
4 Personal Services Reductions	(3.20)		(100,694)	(3.20)		(101,437)
Totals			\$1,200,274	2.00		\$1,592,934

3) House Bill 195--Hunting Access Enhancement - The legislature approved additional funding to implement HB 195 for: 1) 2.0 FTE and \$50,401 in fiscal 1996 and 4.0 FTE and \$100,802 in fiscal 1997; 2) landowner payments of \$971,000 in fiscal 1996 and \$1,171,000 in fiscal 1997; 3) a \$10,000 yearly contract with MSU for a wildlife extension specialist; 4) operating expenses of \$8,350 in fiscal 1996 and \$55,000 in fiscal 1997; 5) \$15,000 of yearly assistance to local advisory groups; and 6) an access inventory mapping system for \$32,500 in fiscal 1997.

4) Personal Services Reductions - The legislature reduced personal services by 3.2 FTE conservation specialists and \$70,832 in fiscal 1996 and \$71,167 in fiscal 1997. In addition, a vacancy savings rate of 2.88 percent was imposed.

Language

"Item [HB 195--Hunting Access Enhancement] is contingent on passage and approval of House Bill No. 195." (House Bill 195 was passed and approved.)

DEPT OF FISH, WILDLIFE & PARKS Program Summary				FISHERIES DIVISION				
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	106.69	(1.10)	2.00	107.59	(1.10)	2.00	107.59	107.59
Personal Services	3,513,106	(24,638)	(16,920)	3,471,548	(8,257)	(17,930)	3,486,919	6,958,467
Operating Expenses	1,660,063	284,946	186,532	2,131,541	132,117	170,270	1,962,450	4,093,991
Equipment	120,948	199	97,790	218,937	34,302	63,687	218,937	437,874
Grants	28,500	65,000	0	93,500	50,000	0	78,500	172,000
Transfers	15,334	984,666	0	1,000,000	984,666	0	1,000,000	2,000,000
Total Costs	\$5,337,951	\$1,310,173	\$267,402	\$6,915,526	\$1,192,828	\$216,027	\$6,746,806	\$13,662,332
Fund Sources								
State/Other Special	2,679,554	410,838	137,879	3,228,271	273,061	115,816	3,068,431	6,296,702
Federal Special	2,658,397	899,335	129,523	3,687,255	919,767	100,211	3,678,375	7,365,630
Total Funds	\$5,337,951	\$1,310,173	\$267,402	\$6,915,526	\$1,192,828	\$216,027	\$6,746,806	\$13,662,332

Program Description

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities. The division formulates and implements policies and programs that emphasize management for wild fish populations and protection of habitat necessary to maintain these populations. The program operates: 1) a hatchery program to stock lakes and reservoirs where natural reproduction is limited; 2) regulates angler harvests; 3) monitors fish populations; and 4) provides and maintains adequate public access.

Funding

The Fisheries Division's primary state special revenue funding source is the general license account. Federal funds consist of Dingell-Johnson and Pittman-Robertson funds, and grants from the Coast Guard and Corps of Engineers. Legislative contract authority is funded with state special revenue from private sources and federal funds.

Present Law Adjustments

- 1) Personal Services - The reduction in personal services results primarily from non-budgeted early retirement costs that increased fiscal 1994 expenditures. Partially offsetting this reduction was annualization of the 1995 biennium pay plan, vacancy savings, and upgrades. Legislative action reflects a transfer of FTE from this division to the Field Services Division.
- 4) Cyclical Adjustments - The legislature approved \$50,000 in fiscal 1996 to print fishing regulations and \$20,000 in fiscal 1997 to print addendums and additional regulations. The legislature also approved \$65,979 in fiscal 1996 for angler harvest surveys conducted in the even-numbered years and \$30,000 in fiscal 1997 for data analysis. In fiscal 1994, \$105,363 was spent for these purposes.
- 5) Fish Food - The legislature approved the executive request for \$111,650 federal funds in fiscal 1996 and \$117,484 in fiscal 1997 for fish food at the Murray Springs Fish Hatchery, an increase over the \$106,040 spent in fiscal 1994.
- 6) Non-Budgeted Personal Services Costs - The legislature approved the executive request for increases in certain travel and supply expenses where the base is low because of early retirements. To fund retirement payouts and incentives, the department spent funds appropriated for travel and supplies.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	(\$24,638)	(\$8,257)	
2 Inflation/Deflation	29,879	38,628	
3 Fixed Costs	(526)	(526)	
<i>Other Present Law Adjustments</i>			
4 Cyclical Adjustments	\$10,616	(\$55,363)	
5 Fish Food	5,610	11,444	
6 Non-Budgeted Personal Services Costs	59,595	74,162	
7 Contracted Services	106,572	105,572	
8 Water Leasing (biennial)	55,534	(19,466)	
9 Evaluation of Fish Intro. (biennial)	24,069	(15,931)	
10 Equipment	199	34,302	
11 Grants	50,000	50,000	
12 State Library NRIS Grant	(334)	(15,334)	
13 Legislative Contract Authority Transfer	1,000,000	1,000,000	
14 Other	(6,403)	(6,403)	
Total Present Law Adjustments	\$1,310,173	\$1,192,828	

and hatching jars; 3 diesel fish distribution trucks; and fish nets, pens, and traps.

11) Grants - The legislature approved the executive request for \$78,500 each fiscal year from the general license account for university grants for basic fishery research, genetic analysis of fish tissue, and selected fishery and aquatic research.

12) State Library NRIS Grant - The legislature approved \$15,000 in fiscal 1996 to grant to the Montana State Library for the Natural Resource Information System (NRIS). In fiscal 1994, \$15,334 was spent for this purpose.

13) Legislative Contract Authority Transfer - The legislature approved \$1,000,000 each fiscal year of legislative contract authority. For discussion of this item, see "Summary of Legislative Action" in the agency section.

New Proposals

1) Clark Fork River Investigation - The legislature approved the executive request for an additional 1.0 FTE and \$54,694 in fiscal 1996 and \$54,818 in fiscal 1997 to continue providing the state with biological and ecological information to support the state's lawsuit against the Atlantic Richfield Company.

2) Fisheries Equipment - The legislature approved the executive request for an additional \$97,790 in fiscal 1996 and \$63,687 in fiscal 1997 to purchase 2 boats and 2 outboard motors; 1 backpack shocker and 1 generator; 1 forklift; scientific equipment; hatchery equipment including oxygen meters, water pumps, compressors, fish tanks, filtration systems, and hatching jars; and gill nets, holding pens and traps.

3) Whirling Disease Investigations - The legislature approved \$140,000 in fiscal 1996 and \$124,000 in fiscal 1997 to investigate and control the recently discovered whirling disease in Montana rivers.

New Proposals		Fiscal 1996		Fiscal 1997	
New Proposal	FTE	General Fund	Total Funds	FTE	General Fund
1 Clark Fork Investigation	1.00		\$54,694	1.00	\$54,818
2 Fisheries Equipment			97,790		63,687
3 Whirling Disease Investigation			140,000		124,000
4 HB349 - Future Fisheries Imprv	2.00		100,000	2.00	100,000
5 Personal Services Reductions	(1.00)		(125,082)	(1.00)	(126,478)
Totals	2.00		\$267,402	2.00	\$216,027

- 4) House Bill 349--Future Fisheries Improvement - The legislature approved \$100,000 state special revenue each fiscal year for the department to contract for or hire 2.0 FTE and for associated operational expenses to fulfill requirements of HB 349, contingent on passage of that legislation.
- 5) Personal Services Reductions - The legislature approved 1.0 FTE of the executive request to reduce personal services by 1.5 FTE, for a reduction of \$30,690 in fiscal 1996 and \$30,798 in fiscal 1997. In addition, a 2.74 percent vacancy savings rate was applied to further reduce personal services by \$94,392 in fiscal 1996 and \$95,680 in fiscal 1997.

Language

"Item [HB 349--Future Fisheries Improvement] is contingent on passage and approval of House Bill No. 349." (House Bill 349 was passed and approved.)

520104 00000

DEPT OF FISH, WILDLIFE & PARKS**LAW ENFORCEMENT DIVISION****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	96.23	0.00	0.00	96.23	0.00	3.00	99.23	99.23
Personal Services	3,582,481	20,188	(82,471)	3,520,198	36,603	11,924	3,631,008	7,151,206
Operating Expenses	1,141,176	497,059	227,488	1,865,723	309,590	228,582	1,679,348	3,545,071
Equipment	47,221	35,779	42,900	125,900	28,279	47,900	123,400	249,300
Transfers	0	70,000	0	70,000	70,000	0	70,000	140,000
Debt Service	31,737	(31,737)	0	0	(31,737)	0	0	0
Total Costs	\$4,802,615	\$591,289	\$187,917	\$5,581,821	\$412,735	\$288,406	\$5,503,756	\$11,085,577
Fund Sources								
General Fund	0	111,090	0	111,090	111,215	0	111,215	222,305
State/Other Special	4,640,985	493,875	177,053	5,311,913	313,485	277,019	5,231,489	10,543,402
Federal Special	161,630	(13,676)	10,864	158,818	(11,965)	11,387	161,052	319,870
Total Funds	\$4,802,615	\$591,289	\$187,917	\$5,581,821	\$412,735	\$288,406	\$5,503,756	\$11,085,577

Program Description

The Law Enforcement Division is responsible for ensuring compliance with the department's laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to department-owned lands or waters and those pertaining to boating, hunting, snowmobile, and all-terrain vehicle safety. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

Funding

The Law Enforcement Division is funded primarily with state special revenue, including the general license account, motorboat certificate fees, motorboat fuel taxes, state parks funds, income from the coal tax trust, and snowmobile registration funds. General fund finances activities that had been funded with fine revenue de-earmarked by Senate Bill 83. Federal funds consists of grants from the Coast Guard and the Corps of Engineers, and other sources. Legislative contract authority is funded with private contracts and grants.

Present Law Adjustments

- 1) Personal Services - The relatively small difference in personal services results primarily from fiscal 1994 payments for 6 retirements (unrelated to the early retirement incentives), not funded in the 1997 biennium. This reduction is offset by vacancy savings and position upgrades.
- 4) Warden Upgrades - The legislature approved the executive request for \$10,274 in fiscal 1996 and \$10,350 in fiscal 1997 in additional personal services for 4 warden upgrades required in the collective bargaining agreement.
- 5) Differential Pay - The legislature approved the executive request for \$50,000 in differential pay to pay field wardens to work six holidays at regular pay.
- 6) Covert Unit Rent - The legislature approved the executive request for \$12,000 each fiscal year to rent a new office space for the covert unit, an increase over the \$4,578 spent in fiscal 1994, because of an additional investigator and more space needed for storage and computers.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	(\$799)	\$15,540	
2 Inflation/Deflation	1,568	(1,009)	
3 Fixed Costs	(2,039)	(2,039)	
<i>Other Present Law Adjustments</i>			
4 Warden Upgrades	\$10,274	\$10,350	
5 Differential Pay	10,713	10,713	
6 Covert Unit Rent	7,422	7,422	
7 Contracted Services	24,026	24,026	
8 Game Farms (\$208,000 biennial)	223,450	14,750	
9 Non-Budgeted Personal Services Costs	52,014	75,697	
10 Equipment	35,779	28,279	
11 Leases	(31,737)	(31,737)	
12 Legislative Contract Authority Transfer	70,000	70,000	
13 Excess Snowmobile Fund Balance	16,288	16,288	
14 Law Enforcement Operations	150,000	150,000	
15 Senate Bill 83 (general fund)	111,090	111,215	
Senate Bill 83 (state special)	(86,760)	(86,760)	
Total Present Law Adjustments	\$591,289	\$412,735	

fiscal 1997 to fund snowmobile enforcement travel, motorboat enforcement travel, and warden and warden trainee job applicant testing.

10) Equipment - The legislature approved the executive equipment request for \$83,000 in fiscal 1996 and \$75,500 in fiscal 1997 for 4 boats, 15 snowmobiles, 10 horses, 1 horse trailer, and 1 trail bike.

11) Leases - Although the department used \$31,737 of equipment appropriations to lease snowmobiles for wardens in fiscal 1994, the legislature concurred with the executive to not continue funding for this purpose in the 1997 biennium.

12) Legislative Contract Authority Transfer - The legislature approved \$70,000 each fiscal year in legislative contract authority. For discussion of this item, see "Summary of Legislative Action" in the agency section.

13) Excess Snowmobile Fund Balance - The legislature approved additional authority to spend excess state special revenue in the snowmobile registration account for enforcement of snowmobile regulations.

14) Law Enforcement Operations - The legislature approved an additional \$150,000 state special revenue each fiscal year for warden operating expenses.

15) Senate Bill 83 - De-earmarking of Accounts - As a result of the passage of SB 83, income received from fines is now deposited to the general fund, rather than to a state special revenue account, and all functions associated with this revenue are funded from the general fund. Consequently, state special revenue is reduced and general fund increased in the 1997 biennium. De-earmarked fine revenue includes Justices Court fines, fish and game fines, motorboat fines, snowmobile fines, and off-highway vehicle fines. Since fine revenue had been used in the past to transfer (without an appropriation) one percent of a warden's salary to the warden retirement fund, an additional \$24,330 general fund in fiscal 1996 and \$24,455 in fiscal 1997 was appropriated. Since a portion of the de-earmarked revenue had not been associated with any function in the executive budget, appropriations for this revenue were not

7) Contracted Services - The legislature approved the executive request for \$75,500 each fiscal year in contracts for license fraud investigation database maintenance, updates, and operation; retaining additional assistance during peak times or emergencies from retired game wardens, other peace officers, and other qualified personnel; and bison control, graphics, printing, and county services.

8) Game Farms - The legislature approved the executive request for an increase of \$15,450 in fiscal 1996 and \$14,750 in fiscal 1997 to fund communication costs and conduct DNA and other scientific tests relating to game farms. In addition, the legislature approved a \$208,000 biennial appropriation in fiscal 1996 to fund four environmental assessments (EA's) and two environmental impact statements (EIS) associated with game farm applications including costs not recoverable from the applicant.

9) Non-Budgeted Personal Services Costs - The legislature approved the executive request for an additional \$52,014 in fiscal 1996 and \$75,697 in

included by the legislature. This results in an estimated net general fund revenue increase of \$446,177 over the 1997 biennium.

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New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Warden Relocation			\$37,000		\$37,000
2 Enforcement Equipment			42,900		47,900
3 Law Enforcement Travel			100,000		100,000
4 County Water Safety Contract			62,000		62,000
5 HB195 - Hunting Access Enhance	2.00		58,598	5.00	154,351
6 SB321 Addit. Snowmobile Alloc			28,488		29,582
7 Personal Services Reductions	(2.00)		(141,069)	(2.00)	(142,427)
Totals			\$187,917	3.00	\$288,406

New Proposals

- 1) Warden Relocation - The legislature approved the executive request for additional funding to finance warden relocations. Since the department routinely relocates wardens as retirements occur so that employees obtain a broader perspective, it reimburses the moving costs for relocated wardens and their families.
- 2) Enforcement Equipment - The legislature approved additional funding to purchase 18 portable radios, 5 all-terrain vehicles, 11 saddles, 2 horse trailers, a river raft and accessories, and 3 off-highway vehicles
- 3) Law Enforcement Travel - The legislature approved additional funding for travel since appropriations for travel were spent in fiscal 1994 to pay unfunded personal services obligations caused by imposed vacancy savings, termination costs, and warden reclassification.
- 4) County Water Safety Contract - Because the legislature eliminated 2.0 FTE water safety officers (see below), the legislature approved an additional \$62,000 each fiscal year to contract with counties for water safety law enforcement services.
- 5) House Bill 195--Hunting Access Enhancement - The legislature approved additional funding to implement HB 195 for: 1) 2.0 FTE fish and game wardens in fiscal 1996 and 5.0 FTE (4.0 game wardens and 1.0 special investigator) in fiscal 1997.
- 6) Senate Bill 321--Additional Snowmobile Allocation - The legislature approved legislation increasing the percentage allocation of the gasoline dealers' license tax to the snowmobile account from 23/64 of 1 percent to 15/28 of 1 percent, an increase in revenue of 49.1 percent. Since the legislation also requires that 4.3 percent of the total allocation be used for enforcement of snowmobile laws, the legislature approved additional expenditures in the Law Enforcement Division.
- 7) Personal Services Reductions - The legislature approved the executive request to reduce personal services by 2.0 FTE and \$54,916 in fiscal 1996 and \$55,097 in fiscal 1997. In addition, a 2.43 percent vacancy savings rate was

applied to further reduce personal services by \$86,153 in fiscal 1996 and \$87,330 in fiscal 1997. FTE reductions include 2.0 FTE of the division's 2.83 water safety officers.

Language

"Item [HB 195--Hunting Access Enhancement] is contingent on passage and approval of House Bill No. 195." (House Bill 195 was passed and approved.)

"Item [SB 321--Additional Snowmobile Allocation] is contingent on passage and approval of Senate Bill No. 321." (Senate Bill 321 was passed and approved.)

"Because of de-earmarking by Senate Bill No. 83, [Law Enforcement Division] has been reduced by \$86,760 in state special revenue in fiscal year 1996 and by \$86,760 in state special revenue in fiscal year 1997 and general fund amounts have been increased by \$111,090 in fiscal year 1996 and by \$111,215 in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in [Law Enforcement Division] are reduced by \$111,090 in fiscal year 1996 and by \$111,215 in fiscal year 1997 and the state special revenue amounts are increased by \$86,760 in fiscal year 1996 and by \$86,760 in fiscal year 1997." (Senate Bill 83 was passed and approved.)

DEPT OF FISH, WILDLIFE & PARKS Program Summary		WILDLIFE DIVISION							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	100.46	(2.53)	(1.00)	96.93	(2.53)	(1.00)	96.93	96.93	
Personal Services	3,343,521	81,423	(113,534)	3,311,410	96,913	(114,807)	3,325,627	6,637,037	
Operating Expenses	2,511,049	437,460	808,485	3,756,994	(685,005)	691,845	2,517,889	6,274,883	
Equipment	96,657	(2,417)	6,850	101,090	(14,357)	4,000	86,300	187,390	
Grants	13,954	0	0	13,954	0	0	13,954	27,908	
Transfers	0	723,000	0	723,000	683,000	0	683,000	1,406,000	
Total Costs	\$5,965,181	\$1,239,466	\$701,801	\$7,906,448	\$80,551	\$581,038	\$6,626,770	\$14,533,218	
Fund Sources									
State/Other Special	3,633,050	422,258	111,353	4,166,661	(696,415)	82,203	3,018,838	7,185,499	
Federal Special	2,332,131	817,208	590,448	3,739,787	776,966	498,835	3,607,932	7,347,719	
Total Funds	\$5,965,181	\$1,239,466	\$701,801	\$7,906,448	\$80,551	\$581,038	\$6,626,770	\$14,533,218	

Program Description

The Wildlife Division is responsible for the department's statewide Wildlife Management program, which enhances the use of Montana's renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including nongame wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

Funding

The Wildlife Division's primary state special revenue funding consists of hunting and fishing license revenue. Earmarked hunting license fees entirely fund the upland game bird program and the wildlife habitat program operations. Other specialized programs are financed from revenues earned from earmarked hunting and fishing license fees such as waterfowl stamp, mountain sheep, and moose auction. Federal funding consists of Pittman-Robertson and Dingell-Johnson funds. Legislative contract authority is funded with state special revenue and federal revenue.

Present Law Adjustments

- 1) Personal Services - Increases due to vacancy savings, the 1995 biennium pay plan, increased benefits, and upgrades were offset by unfunded early retirement expenses in fiscal 1994. Legislative action reflects the transfer of FTE to other divisions in the department.
- 4) Non-Budgeted Personal Services - The legislature approved the executive request for \$356,826 each fiscal year in aircraft rental, an increase over the \$260,288 spent in fiscal 1994. The increase of \$96,538 is to replace the amounts used to pay termination costs.
- 5) Watchable Wildlife Transfer - The legislature approved the executive request to move the nongame portion of the watchable wildlife program and \$14,000 each fiscal year of operating expenses from the Conservation Education Division to the Wildlife Division. In addition, 0.40 FTE and \$13,542 in fiscal 1996 and \$13,590 in fiscal 1997 were transferred from the Conservation Education Division to staff the nongame program.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$67,881	\$83,323
2 Inflation/Deflation	10,978	15,134
3 Fixed Costs	(278)	(278)
<i>Other Present Law Adjustments</i>		
4 Non-Budgeted Personal Services Costs	\$96,538	\$96,538
5 Watchable Wildlife Transfer	\$27,542	\$27,590
6 Department Motor Pool Inflation	\$13,379	\$26,788
7 Upland Game Bird (biennial)	\$302,710	(\$837,290)
8 Equipment	(2,417)	(14,357)
9 Legislative Contract Authority Transfer:	723,000	683,000
10 Other	133	103
Total Present Law Adjustments	\$1,239,466	\$80,551

6) Department Motor Pool Inflation - The legislature approved the executive request for an additional \$13,379 in fiscal 1996 and \$26,788 in fiscal 1997 for inflationary increases expected in the use of the department's motor pool.

7) Upland Game Birds - The legislature approved the executive request for a \$1,140,000 biennial appropriation for the upland game bird program, an increase over the \$837,290 spent in fiscal 1994. The upland game bird habitat enhancement program coordinates habitat improvement projects with private landowners and government agencies.

8) Equipment -The legislature approved the executive request for \$94,240 in fiscal 1996 and \$82,300 in fiscal 1997 for equipment, including radio transmitters, 6 snowmobiles, 3 horses, 2 generators, an ATV, a weighing scale, an airboat, field equipment, computer software, office equipment, a welder, 2 augers, a stove and refrigerator, and a 50 horse power tractor.

9) Legislative Contract Authority Transfers - The legislature approved \$723,000 in fiscal 1996 and \$683,000 in fiscal 1997 in LCA. For discussion of this item, see "Summary of Legislative Action" in the agency section.

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New Proposals

New Proposal	Fiscal 1996		Fiscal 1997	
	FTE	General Fund	FTE	General Fund
1 Black Bear Research				\$119,900
2 Black Footed Ferret				50,000
3 Habitat Enhancement				250,000
4 Wildlife Equipment				6,850
5 Survey & Inventory				271,945
6 Wildlife Programmatic EIS				116,640
7 Personal Services Reductions	(1.00)		(1.00)	(114,807)
Totals	(1.00)		(1.00)	\$581,038

New Proposals

- 1) Black Bear Research - The legislature approved the executive request for an additional \$119,900 each fiscal year to conduct black bear research recently identified in a department-funded EIS on black bears.
- 2) Black-Footed Ferret - The legislature approved the executive request for an additional \$50,000 federal funds each fiscal year to take over the management of the black-footed ferret introduction in northeastern Montana. Through

fiscal 1995, the initial research phase will be conducted by the U.S. Fish and Wildlife Service, and the state will assume the on-going management responsibility beginning fiscal 1996.

- 3) Habitat Enhancement - The legislature approved an additional \$250,000 each fiscal year for wildlife habitat. Included is \$40,000 each fiscal year from the mountain sheep account to obtain bighorn sheep winter range from the U.S. Forest Service and private landowners along the Rocky Mountain Front and in the Highland Mountains. In addition, \$210,000 federal funds each fiscal year would be used to lease upland game bird and waterfowl habitat if all or part of the 2.59 million acres currently under the federal conservation resource program (CRP) are phased out of the program over a five-year period.
- 4) Wildlife Equipment - The legislature approved the executive request for additional equipment, including laboratory equipment, 2 snowmobile trailers, a boat, a harrow, and a weed sprayer.
- 5) Survey & Inventory - The legislature approved the executive request for an additional \$271,945 each fiscal year for wildlife surveys on game animals, fur species, and non-game wildlife.
- 6) Wildlife Programmatic EIS - The legislature approved the executive request for \$116,640 in fiscal 1996 to continue development of a wildlife programmatic EIS to address changes in public values toward wildlife, increased demand for public involvement in decision making, legal challenges, increased competition for wildlife related resources, and changing demographics. Although the 1993 legislature funded a one-time budget modification for the 1995 biennium to complete the update of the department's wildlife EIS, it was not completed.
- 7) Personal Services Reductions - The legislature approved the executive request to reduce personal services by 1.0 FTE and \$27,283 in fiscal 1996 and \$27,377 in fiscal 1997. In addition, a 2.54 percent vacancy savings rate was applied to further reduce personal services by \$86,251 in fiscal 1996 and \$87,430 in fiscal 1997. The FTE reduction eliminates a grade 12 fish and wildlife technician position.

DEPT OF FISH, WILDLIFE & PARKS		PARKS DIVISION							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		95.73	(7.01)	(2.32)	86.40	(7.01)	(2.32)	86.40	86.40
Personal Services	2,499,442	(102,884)	(140,048)	2,256,510	(91,540)	(141,406)	2,266,496	4,523,006	
Operating Expenses	1,682,603	296,467	158,672	2,137,742	58,838	177,579	1,919,020	4,056,762	
Equipment	241,303	(161,303)	94,890	174,890	(175,453)	125,957	191,807	366,697	
Grants	116,163	383,837	0	500,000	(116,163)	0	0	500,000	
Transfers	0	25,000	0	25,000	25,000	0	25,000	50,000	
Total Costs	\$4,539,511	\$441,117	\$113,514	\$5,094,142	(\$299,318)	\$162,130	\$4,402,323	\$9,496,465	
Fund Sources									
General Fund	288,024	(3,247)	12,000	296,777	(12,188)	20,000	295,836	592,613	
State/Other Special	3,807,085	239,166	101,514	4,147,765	7,672	142,130	3,956,887	8,104,652	
Federal Special	139,305	510,295	0	649,600	10,295	0	149,600	799,200	
Proprietary	305,097	(305,097)	0	0	(305,097)	0	0	0	
Total Funds	\$4,539,511	\$441,117	\$113,514	\$5,094,142	(\$299,318)	\$162,130	\$4,402,323	\$9,496,465	

Program Description

The Parks Division is responsible for conserving the scenic, historic, archaeologic, scientific, and recreational resources of the state and providing for their use and enjoyment. The program manages 43 parks and 12 affiliated lands (owned by the state but managed by some other entity) including natural, recreational, and cultural sites. It also maintains approximately 313 fishing access sites. Programs administered by the division include snowmobile, off-highway vehicles, Land and Water Conservation, capitol grounds maintenance, and the Montana Conservation Corps.

Funding

Funding for the division is shown in Table 4.

General fund provides a portion of the support and maintenance of parks and \$11,000 each fiscal year for capitol grounds maintenance.

The largest state special revenue source is motorboat fuel taxes, followed by snowmobile fuel taxes, the general license account, park fee revenue, park acquisition coal tax trust earnings, off-highway vehicle fuel taxes, fishing access acquisition fee revenue, and off-highway vehicle and snowmobile registration fees. Lodging facility use tax revenue was used to fund the 1995 biennium. However, since it is statutorily appropriated, appropriations are not included in HB 2 for the 1997 biennium (the department receives 6.5 percent of lodging facility tax collections for maintenance of state park facilities). Watchable wildlife income tax check-off donations are used for the first time in this division. Of total coal severance tax revenue collections, 1.27 percent is deposited into a non-expendable trust, with the interest from this trust allocated for maintenance of state parks and historical sites. Park entrance fee revenue declines from the fiscal 1994 level due to the federal government taking over responsibility (including revenue collection) of Canyon Ferry. Increases in fuel tax revenue and federal funds available for park maintenance, replace a portion of the lost coal tax and entrance fee revenue. The general license account and earmarked fishing license fees are used to purchase and maintain fishing access sites. The general license account also funds a portion of the watchable wildlife program.

Federal funds consist of Land and Water Conservation Fund (LWCF) pass-through funds, a grant for national recreational trails, federal overhead funds, and Dingell-Johnson and Pittman-Robertson funds. LWCF grants are passed through to counties for public outdoor recreation areas and facilities.

Legislative contract authority is funded with state special funds received through donations and with federal funds.

Table 4
Parks Division Funding

Funding	Fiscal 1996	Fiscal 1997
General Fund	\$296,777	\$295,836
State Special Revenue		
Motorboat Fuel Tax	\$1,159,156	\$1,159,099
Snowmobile Fuel Tax	789,047	559,685
General License Account	646,285	673,170
State Park Entrance Fees	615,177	614,698
Coal Tax Trust Earnings	564,137	576,272
OHV Gas Tax	139,763	139,763
Fishing Access Sites	102,200	102,200
Snowmobile Registrations	51,000	51,000
OHV Fines	45,000	45,000
Private Funds (LCA)	19,000	19,000
Watchable Wildlife	17,000	17,000
Federal Funds		
Land & Water Conser. Fund (biennial)	\$300,000	\$0
National Recreational Trails (biennial)	200,000	0
Federal Overhead	75,000	75,000
Dingell-Johnson, Pittman-Robertson	68,600	68,600
Fish & Game Account (LCA)	6,000	6,000
Total	\$5,094,142	\$4,402,323

Present Law Adjustments

- 1) **Personal Services** - Increases due to the 1995 biennium pay plan, increased benefits, and vacancy savings were offset by unfunded termination and early retirement expenses in fiscal 1994. Legislative action reflects the transfer of FTE from the Parks Division to the Field Services Division and the elimination of FTE funded with lodging facility use tax revenue (see below). For personal services appropriations removed by HB 576, see number 20 below.
- 4) **Accommodation Tax Elimination** - Since lodging facility use tax revenue is statutorily appropriated, the legislature eliminated the executive request for 4.99 FTE and \$146,521 in fiscal 1996 and \$147,336 in fiscal 1997 funded with tax revenue. In addition, operating expenses of \$203,479 in fiscal 1996 and \$202,664 in fiscal 1997 were eliminated.
- 5) **Watchable Wildlife Transfer** - The legislature approved the executive request to separate the nongame and watchable wildlife programs (formerly in the Conservation Education Division), and transferred the watchable wildlife program to the Parks Division for an additional 0.60 FTE and \$20,879 in fiscal 1996 and \$20,990 in fiscal 1997, and

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$85,665	\$97,971
2 Inflation/Deflation (non-general fund)	6,909	10,062
3 Fixed Costs		
<i>Other Present Law Adjustments</i>		
4 Accomodation Tax Elimination	(\$350,000)	(\$350,000)
5 Watchable Wildlife Transfer	39,501	47,612
6 Department Motor Pool Inflation	7,414	14,900
7 Fuel Tax Increase	133,834	133,834
8 Fishing Access Sites	73,037	73,037
9 Non-Budgeted Personal Services Costs	27,642	27,642
10 Maintenance Contracts	55,335	55,335
11 National Rec. Trails Grant (biennial)	174,731	(25,269)
12 LWCF Grants (biennial)	209,106	(90,894)
13 Snowmobile Repairs	37,500	37,500
14 Parks General Fund	(14,247)	(23,184)
15 Capitol Grds Maintenance Operating	65,863	65,569
16 Snowgrooming Equipment (biennial)	116,624	(73,376)
17 Additional Snowgroomers (fund balance)	497,152	0
18 Other Equipment	(39,586)	(53,236)
19 Legislative Contract Authority Transfer	25,000	25,000
20 HB576-Removal of Proprietary Funds	(710,363)	(271,821)
Total Present Law Adjustments	\$441,117	(\$299,318)

\$27,642 each fiscal year in maintenance authority to replace the amounts used to pay termination costs, an increase over the \$7,429 spent in fiscal 1994.

10) **Maintenance Contracts** - The legislature approved the executive request for \$57,429 each fiscal year for park maintenance contracts, an increase over the \$2,094 spent in fiscal 1994, for noxious weed control, road and parking maintenance, building maintenance, plumbing and construction, fencing, and equipment repair.

11) **National Recreational Trails Grant** - The legislature approved the executive request for a \$200,000 biennial appropriation to grant federal funds received from the National Recreation Trails fund to local trail clubs and federal agencies, an increase over the \$25,269 spent in fiscal 1994.

12) **LWCF Grants** - The legislature approved a \$300,000 biennial appropriation to grant federal funds received from the Land and Water Conservation Fund (LWCF) to be used as matching pass-through grants to local governments for acquisition and development of public outdoor recreation areas and facilities, and for department projects such as dam rebuilding and acquisition of fishing access sites.

13) **Snowmobile Repairs** - The legislature approved the executive request for \$76,371 each fiscal year to spend additional revenue for snowmobile repairs. The funds would be used to fund replacement parts and labor for repairing and maintaining the department's fleet of snowgroomers used to groom snowmobile trails.

operating expenses of \$18,622 in fiscal 1996 and \$26,622 in fiscal 1997.

6) **Department Motor Pool Inflation** - The legislature approved the executive request for an additional \$7,414 in fiscal 1996 and \$14,900 in fiscal 1997 for inflationary increases in the department's motor pool.

7) **Fuel Tax Increase** - The legislature approved the executive request for an additional \$133,834 of authority each fiscal year to spend available motorboat fuel (\$87,000) and off-highway vehicle (\$46,834) fuel tax revenue. SB 257 (1993 session) increased the gasoline tax to \$0.24 beginning July 1, 1993 and to \$0.27 beginning July 1, 1994. Since fiscal 1994 expenditures were based on revenue from the \$0.24 tax rate, additional tax revenue will be collected in excess of the amount spent in fiscal 1994.

8) **Fishing Access Sites** - The legislature approved the executive request for an additional \$73,037 each fiscal year to maintain over 300 fishing access sites including weed control, toilet pumping, and road maintenance.

9) **Non-Budgeted Personal Services** - The legislature approved the executive request for an additional

- 14) Parks General Fund - The legislature approved the executive request to reduce funding from general fund in the Parks Division from the amount spent in fiscal 1994. General fund for operations is reduced, but continues to fund equipment purchases including mowers, traffic counters, and a post hole auger.
- 15) Capitol Grounds Maintenance Operating - The legislature approved the executive request for \$220,719 in fiscal 1996 and \$220,425 in fiscal 1997 for operating expenses in the capitol grounds maintenance program, an increase over the \$154,856 spent in fiscal 1994. The program provides grounds maintenance and snow removal for agencies in the capitol complex. General fund totals \$11,000 each year in the program. Because of HB 576, appropriations for proprietary fund increases were removed (see number 20 below).
- 16) Snowgrooming Equipment - The legislature approved the executive request for a \$190,000 biennial appropriation to replace 2 snowgroomers, an increase over the \$73,376 spent in fiscal 1994. Appropriations for these equipment purchases were removed due to HB 576 (see number 20 below).
- 17) Additional Snowgroomers - The legislature approved additional authority to spend excess fund balance in the snowmobile fuel tax and snowmobile registration accounts to purchase 3 snowgroomers (in addition to the ones in number 16) in fiscal 1996. Of the increase, \$248,576 represents the transfer of the state special revenue to the proprietary account for expenditure from that account. Because of HB 576, appropriations for these proprietary fund increases were removed (see number 20 below).
- 18) Other Equipment - The legislature approved the executive request for \$55,500 in fiscal 1996 and \$41,850 in fiscal 1997 for other equipment including safety equipment, utility vehicles, small tools, a dump truck, a work canoe, a landscape tractor, and a pressure washer.
- 19) Legislative Contract Authority Transfer - The legislature approved \$25,000 each fiscal year in legislative contract authority. For discussion of this item, see "Summary of Legislative Action" in the agency section.
- 20) House Bill 576-Removal of Proprietary Funds - Proprietary funding for the purchase of snowgrooming equipment and the capitol grounds maintenance program was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The snowmobile proprietary fund receives revenue from a rental charge to snowmobile organizations for use of the equipment to groom snowmobile trails. The capitol grounds maintenance fee is \$0.3259 in fiscal 1996 and \$0.3240 in fiscal 1997 per square foot of office space for agencies on the capitol campus. In present law action prior to passage of HB 576, the legislature had appropriated \$438,576 in fiscal 1996 to purchase snowgrooming equipment and \$271,787 in fiscal 1996 and \$271,821 in fiscal 1997, including 2.32 FTE, in the capitol grounds maintenance program. In establishing these levels, the legislature maintained the fiscal 1994 FTE and increased the present law operating expenses levels by \$54,863 in fiscal 1996 and \$54,569 in fiscal 1997. In addition, new proposals to fund new equipment purchases and part of the pay plan were reduced by \$88,927 in fiscal 1996 and increased by \$8,585 in fiscal 1997.

New Proposals

- 1) Parks Equipment - The legislature approved the executive request for new equipment. General fund equipment expenditures totaling \$12,000 in fiscal 1996 and \$20,000 in fiscal 1997 include high band radios, industrial wood shaper, traffic counters, audio interpretive equipment for impaired people, and cash registers. State special revenue funded equipment include safety equipment, a maintenance van, 2 utility vehicles, educational audio/visual equipment, 2 equipment trailers, visitor center equipment such as interactive videos and display cases, a generator, a photocopier, a trailblazer for the trails program, a pressure washer, a paint sprayer, and a York rake.
- 2) Senate Bill 321--Additional Snowmobile Allocation - The legislature approved legislation increasing the percentage allocation of the gasoline dealers' license tax to the snowmobile account from 23/64 of 1 percent to 15/28 of 1 percent, an increase in revenue of 49.1 percent. Since revenue in the account is to be used to develop and maintain snowmobile

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Parks Equipment		\$12,000	\$94,890		\$20,000	\$125,957
2 SB321 Addit. Snowmobile Alloc			158,672			177,579
3 Personal Services Reductions	(2.32)		(140,048)	(2.32)		(141,406)
Totals	(2.32)	\$12,000	\$113,514	(2.32)	\$20,000	\$162,130

facilities open to the general public and for deposit to the noxious weed trust fund, the legislature approved additional expenditures in the Parks Division.

3) Personal Services Reductions - The legislature approved the executive request to reduce personal services by 2.32 FTE and \$63,275 in fiscal 1996 and \$63,506 in fiscal 1997. In addition, a 3.29 percent vacancy savings rate was applied to further reduce personal services by \$76,773 in fiscal 1996 and \$77,900 in fiscal 1997. FTE reductions eliminate a 0.95 FTE grade 16 resource program specialist, 0.25 FTE grade 12 parks maintenance supervisor, 0.04 grade 5 laborer, and 1.08 aggregate positions.

Language

"If Senate Bill No. 85 is passed and approved in a form that includes an exemption for ground maintenance workers from prevailing wage rates, the appropriation in item [capitol grounds general fund] is eliminated." (Senate Bill 85 was not passed and approved.)

"Item [SB 321--Additional Snowmobile Allocation] is contingent on passage and approval of Senate Bill No. 321." (Senate Bill 321 was passed and approved.)

DEPT OF FISH, WILDLIFE & PARKS**Program Summary****CONSERVATION EDUCATION DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	25.25	(3.00)	0.00	22.25	(3.00)	0.00	22.25	22.25
Personal Services	862,407	(59,201)	(21,918)	781,288	(54,858)	(22,218)	785,331	1,566,619
Operating Expenses	873,692	17,413	81,277	972,382	18,885	83,134	975,711	1,948,093
Equipment	20,337	(5,587)	7,000	21,750	413	3,500	24,250	46,000
Grants	11,082	103,918	0	115,000	(11,082)	0	0	115,000
Transfers	0	20,000	0	20,000	20,000	0	20,000	40,000
Total Costs	\$1,767,518	\$76,543	\$66,359	\$1,910,420	(\$26,642)	\$64,416	\$1,805,292	\$3,715,712
Fund Sources								
General Fund	0	2,880	0	2,880	2,880	0	2,880	5,760
State/Other Special	1,508,613	44,884	(3,641)	1,549,856	(65,814)	(5,584)	1,437,215	2,987,071
Federal Special	258,905	28,779	70,000	357,684	36,292	70,000	365,197	722,881
Total Funds	\$1,767,518	\$76,543	\$66,359	\$1,910,420	(\$26,642)	\$64,416	\$1,805,292	\$3,715,712

Program Description

The Conservation Education Division, through its Helena office and seven regional information officers, is the department's primary information and education program. Its responsibilities include: 1) distributing public information through news releases, audio-visual materials, brochures, and public service announcements; 2) coordinating youth education programs; 3) printing hunting, fishing, and trapping regulations; 4) coordinating the hunter, bowhunter, snowmobile, boat, and off-highway vehicle education and safety programs; and 5) providing reception services for the department's Helena headquarters. The department's nongame and watchable wildlife efforts were transferred to the Wildlife and Parks divisions. The program publishes the Montana Outdoors magazine, produces 16mm color films, radio and television public service announcements and video documentaries, and maintains a film lending library.

Funding

The Conservation Education Division's largest funding source is revenue from hunting and fishing license fees. Other state special revenue sources include coal tax trust earnings, snowmobile and off-highway vehicle fuel taxes, and off-highway vehicle registrations and fines. General fund finances activities that had been funded with fine revenue earmarked by Senate Bill 83. Federal funds consist of Pittman-Robertson and Dingell-Johnson funds, grants from the Coast Guard and Corps of Engineers, and other sources. Legislative contract authority is funded with state special revenue and federal funds.

Present Law Adjustments

- 1) Personal Services - Increases due to vacancy savings, the 1995 biennium pay plan, and increased benefits were offset by unfunded termination expenses in fiscal 1994 and transfers of FTE to other programs during fiscal 1994. Legislative action reflects the net transfer of FTE to other programs in the department.
- 4) Watchable Wildlife Transfer - The legislature approved the executive request to separate the nongame and watchable wildlife programs (formerly in the Conservation Education Division) and transferred the watchable wildlife program to the Parks Division and the nongame program to the Wildlife Division. Legislative action reduced personal services by 1.0 FTE and \$34,798 in fiscal 1996 and \$34,983 in fiscal 1997 and reduced operating expenses by \$14,874 each fiscal year.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	(\$24,403)	(\$19,875)
2 Inflation/Deflation	12,892	18,482
3 Fixed Costs	(64)	(64)
<i>Other Present Law Adjustments</i>		
4 Watchable Wildlife Transfer	(\$49,672)	(\$49,857)
5 Off-Highway Vehicle Safety	4,000	4,000
6 Shooting Ranges (biennial)	107,884	(11,916)
7 Equipment	(5,587)	413
8 Legislative Contract Authority Transfer	20,000	20,000
9 Other	(507)	175
10 Excess Snowmobile Fund Balance	12,000	12,000
11 Senate Bill 83 (general fund)	2,880	2,880
Senate Bill 83 (state special)	(2,880)	(2,880)
Total Present Law Adjustments	\$76,543	(\$26,642)

5) **Off-Highway Vehicle Safety** - The legislature approved the executive request for an additional \$4,000 each fiscal year to provide off-highway vehicle riding safety and ethics material to volunteer instructors.

6) **Shooting Ranges** - The legislature approved the executive request for a \$119,800 biennial appropriation for the shooting range program including: a) \$115,000 for grants to local organizations for the development of safe shooting ranges; and b) \$4,800 for program administration (excluding personal services costs).

7) **Equipment** - The legislature approved the executive request for \$14,750 in fiscal 1996 and \$20,750 in fiscal 1997 for replacement equipment. The request includes 2 slide projectors, a 1/2 inch Beta video camera, a Beta SPPVV 1 recorder, and a PVW editor.

8) **Legislative Contract Authority Transfer** - The legislature approved \$20,000 each fiscal year in legislative contract authority. For discussion of this item, see "Summary of Legislative Action" in the agency section.

10) **Excess Snowmobile Fund Balance** - The legislature approved additional authority to spend excess state special revenue in the snowmobile fuel tax account for snowmobile safety education.

11) **Senate Bill 83 - De-earmarking of Accounts** - As a result of the passage of SB 83, income received from off-highway vehicle fines is now deposited to the general fund, rather than to a state special revenue account, and all functions associated with this revenue are funded from the general fund. Consequently, state special revenue is reduced and general fund increased in the 1997 biennium. In fiscal 1994, \$2,880 of state special revenue was spent. This funding switch has no impact on total general fund, as anticipated revenue is increased by the same amount as the increase in expenditures.

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New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Hunter Ethics			\$10,000		\$10,000
2 Hunter Education			60,000		60,000
3 Conservation/Ed Equipment			7,000		3,500
4 SB321 Addit. Snowmobile Alloc			11,277		13,134
5 Personal Services Reductions			(21,918)		(22,218)
Totals			\$66,359		\$64,416

New Proposals

- 1) Hunter Ethics - The legislature approved the executive request for an additional \$10,000 federal funds each fiscal year to print and distribute a booklet to enhance hunter ethics. The publication would be distributed annually to the approximately 8,000 students taught in the hunter and bowhunter safety classes and would emphasize respect for game animals, other hunters, landowners, the land, and Montana's hunting tradition.
- 2) Hunter Education - The legislature approved the executive request for an additional \$60,000 federal funds each fiscal year to expand the hunter education program, including: a) evaluation of hunter and bowhunter education classes; b) provision of advanced educational opportunities for youth and adults through course instruction in safety, ethics, wildlife biology, and wildlife management; and c) provision of an opportunity to spend several days in the field to the 35 percent of hunter education participants who normally do not hunt.
- 3) Conservation Education Equipment - The legislature approved the executive request for an additional \$7,000 in fiscal 1994 and \$3,500 in fiscal 1997 for new equipment including video and films, a video projector, and 2 portable video projectors.
- 4) Senate Bill 321--Additional Snowmobile Allocation - The legislature approved legislation increasing the percentage allocation of the gasoline dealers' license tax to the snowmobile account from 23/64 of 1 percent to 15/28 of 1 percent, an increase in revenue of 49.1 percent. Since the legislation also requires that 8.7 percent of the total allocation be used to promote snowmobile safety and education, the legislature approved additional expenditures in the Conservation Education Division.
- 5) Personal Services Reductions - The legislature approved the executive request to reduce personal services by \$21,918 in fiscal 1996 and \$22,218 in fiscal 1997 by applying a 2.73 percent vacancy savings rate.

Language

"Item [SB 321--Additional Snowmobile Allocation] is contingent on passage and approval of Senate Bill No. 321." (Senate Bill 321 was passed and approved.)

"Because of de-earmarking by Senate Bill No. 83, [Conservation Education Division] has been reduced by \$2,880 in state special revenue in fiscal year 1996 and by \$2,880 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in [Conservation Education Division] are

reduced by \$2,880 in fiscal year 1996 and by \$2,880 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts." (Senate Bill 83 was passed and approved.)

DEPT OF FISH, WILDLIFE & PARKS Program Summary		DEPARTMENT MANAGEMENT							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	41.68	2.70	2.50	46.88	2.70	2.50	46.88	46.88	
Personal Services	1,547,307	76,312	13,806	1,637,425	84,422	13,454	1,645,183	3,282,608	
Operating Expenses	910,035	26,593	228,100	1,164,728	34,002	203,100	1,147,137	2,311,865	
Equipment	33,691	(5,286)	12,500	40,905	(5,286)	12,500	40,905	81,810	
Grants	99,428	155,572	0	255,000	155,572	0	255,000	510,000	
Transfers	2,852	112,148	0	115,000	112,148	0	115,000	230,000	
Total Costs	\$2,593,313	\$365,339	\$254,406	\$3,213,058	\$380,858	\$229,054	\$3,203,225	\$6,416,283	
Fund Sources									
State/Other Special	2,078,780	231,739	254,406	2,564,925	251,072	229,054	2,558,906	5,123,831	
Federal Special	514,533	133,600	0	648,133	129,786	0	644,319	1,292,452	
Total Funds	\$2,593,313	\$365,339	\$254,406	\$3,213,058	\$380,858	\$229,054	\$3,203,225	\$6,416,283	

Program Description

The Department Management Division is responsible for: 1) overall department direction regarding policy, planning, program development, guidelines, and budgets; 2) liaison with the Governor's Office and the legislature; 3) interaction with the Fish, Wildlife and Parks Commission; 4) decision-making for key resource activities affecting the department; 5) administration of seven major divisions that provide program development and staff support; 6) supervision of seven regional offices that are responsible for program implementation; 7) legal services for the department; and 8) liaison with Montana's Indian tribes and with other state and federal agencies.

Funding

The Department Management Division is funded with hunting and fishing license fee revenue, a portion of the federal indirect cost pool, and miscellaneous federal assistance. Legislative contract authority is funded with federal funds.

Present Law Adjustments

- 1) Personal Services - Vacancy savings and increased costs of the 1995 biennium pay plan are partially offset by fiscal 1994 termination payout costs. Legislative action includes the net transfer of FTE from other divisions within the department.
- 4) Legal Fees - The legislature approved the executive request for \$58,880 each fiscal year to pay court ordered costs, an increase over the \$46,021 spent in fiscal 1994.
- 5) Additional FWP Commission Meetings - The legislature approved the executive request for additional funding to increase the number of FWP Commission meetings and work sessions from the normal 12 to 16 per year to provide more opportunity for public input on fish and wildlife issues.
- 6) Regional Office Maintenance - The legislature approved the executive request for \$58,990 in fiscal 1996 and \$61,939 in fiscal 1997 for maintenance at the seven regional offices, an increase over the \$53,628 spent in fiscal 1994.
- 7) Sikes Act - The legislature approved the executive request for \$85,000 each year for state/federal cooperative wildlife habitat projects, an increase over the \$54,485 spent in fiscal 1994.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$72,587	\$80,697
2 Inflation/Deflation	9,729	12,647
3 Fixed Costs	9,259	9,514
<i>Other Present Law Adjustments</i>		
4 Legal Fees	12,859	12,859
5 Additional FWP Commission Meetings	10,620	10,620
6 Regional Office Maintenance	5,361	8,310
7 Sikes Act	30,515	30,515
8 Equipment	(5,286)	(5,286)
9 Grants	105,572	105,572
10 Legislative Contract Authority Transfer	115,000	115,000
11 Other	(877)	410
Total Present Law Adjustments	\$365,339	\$380,858

8) Equipment - The legislature approved the executive request for \$28,405 each fiscal year for replacement equipment including 4 copiers, postage meters and a letter folder, a facsimile machine, and office furniture.

9) Grants - The legislature approved \$255,000 each fiscal year for grants to other state agencies, an increase over the \$149,428 spent in fiscal 1994. Grants include: a) \$170,000 each fiscal year to the Department of Livestock to kill coyotes; b) \$50,000 to the State Library to support the Natural Resource Information System and the National Heritage Program; and c) \$35,000 to MSU to provide partial funding of a Wildlife Cooperative Specialist.

10) Legislative Contract Authority Transfer - The legislature approved \$115,000 each fiscal year in legislative contract authority. For discussion of this item, see "Summary of Legislative Action" in the agency section.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Attorney General Assistance			\$36,100			\$36,100
2 Dept Management Equipment			12,500			12,500
3 Area Office Implementation	2.50		183,906	2.50		184,074
4 Contracted Services			60,000			35,000
5 Personal Services Reductions			(38,100)			(38,620)
Totals	2.50		\$254,406	2.50		\$229,054

New Proposals

1) Attorney General Assistance - The legislature approved the executive request for an additional \$36,100 from the general license account each fiscal year to contract with the Attorney General to provide for prosecutions of crimes related to fish and wildlife resources. Department staff state that since county attorneys often do not have the time or expertise to prosecute public resource related crimes, the new proposal would enable the Attorney General to provide persons and resources for such prosecutions.

2) Department Management Equipment - The legislature approved the executive request for an additional \$12,500 each fiscal year from the general license account for new equipment for geographical information system (GIS) hardware and computer furniture.

- 3) Area Office Implementation - The legislature approved the executive request for an additional 2.50 FTE and \$183,906 in fiscal 1996 and \$184,074 in fiscal 1997 from the general license account to open staff offices in six cities. Department employees in Libby, Hamilton, Butte, Dillon, Lewistown, and Havre, who currently operate out of their homes, will be provided an office.
- 4) Contracted Services - The legislature approved the executive request for \$60,000 in fiscal 1996 and \$35,000 in fiscal 1997 from the general license account for additional contracted services for regional headquarter performance review, Native American liaison and technical assistance, and proactive involvement in endangered species.
- 5) Personal Services Reductions - The legislature approved the executive request to reduce personal services by \$38,100 from the general license account in fiscal 1996 and \$38,620 in fiscal 1997 by applying a 2.35 percent vacancy savings rate.

Language

"Item [Additional Predator Control Grants] may be spent as a grant to the department of livestock for predator control only if the federal animal damage control discontinues its predator control program in Montana."

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DEPT OF ENVIRONMENTAL QUALITY

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	391.00	(23.95)	(0.50)	366.55	(23.95)	(0.50)	366.55	366.55
Personal Services	12,127,864	1,163,462	(336,802)	12,954,524	1,234,767	(340,371)	13,022,260	25,976,784
Operating Expenses	12,250,439	3,318,054	319,662	15,888,155	2,364,509	341,541	14,956,489	30,844,644
Equipment	346,224	(67,120)	49,440	328,544	(122,268)	16,600	240,556	569,100
Capital Outlay	250,424	(250,424)	0	0	(250,424)	0	0	0
Grants	1,731,877	92,032	0	1,823,909	151,651	0	1,883,528	3,707,437
Transfers	0	20,000	0	20,000	20,000	0	20,000	40,000
Debt Service	4,630	414	0	5,044	414	0	5,044	10,088
Total Costs	\$26,711,458	\$4,276,418	\$32,300	\$31,020,176	\$3,398,649	\$17,770	\$30,127,877	\$61,148,053
Fund Sources								
General Fund	909,673	1,126,553	108,411	2,144,637	1,141,485	108,290	2,159,448	4,304,085
State/Other Special	11,284,749	3,560,936	21,167	14,866,852	3,209,446	(8,028)	14,486,167	29,353,019
Federal Special	12,271,884	1,834,081	(97,278)	14,008,687	1,292,870	(82,492)	13,482,262	27,490,949
Proprietary	1,920,965	(1,920,965)	0	0	(1,920,965)	0	0	0
Expendable Trust	324,187	(324,187)	0	0	(324,187)	0	0	0
Total Funds	\$26,711,458	\$4,276,418	\$32,300	\$31,020,176	\$3,398,649	\$17,770	\$30,127,877	\$61,148,053

Agency Description

The Department of Environmental Quality (DEQ) was created by the Fifty-fourth Legislature through a reorganization of environmental and natural resource agencies required by SB 234. The department was formed by combining the environmental programs, laboratories, and certain administrative functions from the former Department of Health and Environmental Sciences (DHES); the Energy Division and a portion of administrative functions from the Department of Natural Resources and Conservation (DNRC); and the Reclamation Division and certain administrative functions from the former Department of State Lands (DSL).

The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, mining operations, and for siting and needs analyses for large-scale energy facilities. In addition, the department is the lead agency for reclamation and cleanup activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

Reorganization

This agency was created by SB 234, which reorganized environmental and natural resource functions conducted by DNRC, the former DHES, and the former DSL. This agency now administers most of the state programs that regulate and enforce environmental quality. Duties from each of these three agencies were assigned to this new department. Table 1 shows the functions that were transferred to create this agency.

Table 1
Agencies and Programs Combined to Create
the Department of Environmental Quality
1997 Biennium

Agency/Program	FTE	General Fund	State Special Revenues	Federal Funds	Total
DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES					
Director's Office *			\$200,000		\$200,000
Central Services *	28.00		3,532,800		3,532,800
Air Quality	58.03	\$719,896	4,285,278	\$2,137,395	7,142,569
Environmental Remediation	34.16		3,655,648	4,459,773	8,115,421
Water Quality	76.25		5,372,670	6,509,502	11,882,172
Petro Tank Release Comp Board	24.34		2,701,244		2,701,244
Waste Management	46.84	307,779	5,855,513	1,014,978	7,178,270
Subtotal DHES	267.62	\$1,027,675	\$25,603,153	\$14,121,648	\$40,752,476
DEPARTMENT OF STATE LANDS					
Central Management **	3.00	\$259,437			\$259,437
Reclamation	51.43	816,908	\$2,759,239	\$11,460,768	15,036,915
Subtotal DSL	54.43	\$1,076,345	\$2,759,239	\$11,460,768	\$15,296,352
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION					
Centralized Services **	11.50	\$1,015,853	\$38,500	\$156,570	\$1,210,923
Energy	33.00	1,184,212	952,127	1,751,963	3,888,302
Subtotal DNRC	44.50	\$2,200,065	\$990,627	\$1,908,533	\$5,099,225
TOTAL DEPARTMENT OF ENVIRONMENTAL QUALITY	366.55	\$4,304,085	\$29,353,019	\$27,490,949	\$61,148,053

* Partial program transfer. Portions of these programs were transferred to the new Department of Public Health and Human Services. HB 576 removed from the budget 24.50 FTE and approximately \$1.2 million each year in proprietary fund authority in these programs.

** Partial program transfer. Portions of these programs were either retained by or transferred to the Department of Natural Resources and Conservation.

Summary of Legislative Action

The legislature authorized increases in both personal services and operating expenses. Personal services increases are due primarily to base year vacancy savings. A large portion of the operating expense increase is due to contracted services contingencies for bond forfeitures, environmental analyses, and emergency responses to releases of hazardous

or deleterious substances. Another major contributor to the increase in operating expenses is indirect charges used to support administrative functions.

Grants to local communities for air pollution control, public water supply and subdivision evaluations, junk vehicle duties, and underground storage tank licensing all increased somewhat, while energy conservation grants to various entities declined.

The Air Quality and Water Quality divisions had 23 executive new proposals, but only 5 were approved by the legislature. The most significant are for radon control, and duties related to ambient air standards regulations.

Present law and new proposal funding switches from RIT state special revenues to general fund totalled more than \$0.8 million in the Reclamation Division. Proprietary funding for administrative functions representing appropriations of \$2.4 million and 24.5 FTE was moved off budget in the Director's Office and Central Services to comply with HB 576.

Other Legislation

House Bill 10 - The legislature appropriated \$210,000 of federal oil overcharge funds, including: 1) \$10,000 to foster expanded use of alternative transportation fuels derived from agricultural products; and 2) \$200,000 to fund the institutional conservation program for schools and hospitals. For a further discussion, see the Long-Range Building Section in Volume II.

House Bill 12 - The legislature appropriated \$100,000 of carryover federal oil overcharge funds and \$5.5 million of general obligation bond proceeds to fund the State Building Energy Conservation Program. The oil overcharge funds and \$625,000 of the bond proceeds will be used for administrative costs, with the remaining proceeds being used for conservation projects in state-owned buildings.

House Bill 493 - This legislation creates a financial assistance program for communities whose water supply or drinking water treatment systems are in need of upgrades or improvements. A revolving fund loan program is established to provide low interest loans in a manner similar to the wastewater revolving loan program already in existence. Statutorily appropriated general obligation bond proceeds would be matched with anticipated federal funds and loaned to communities for the necessary improvements. Community loan repayments will be used to retire the general obligation bonds and to loan funds to other communities. Federal legislation required to provide the federal matching funds is still pending as of this writing. The legislature reviewed and denied in this department and in DNRC new proposals for the administrative costs related to this program.

House Bill 521 - The legislature passed HB 521 to require state agencies (primarily DEQ) and local units of government to justify the adoption of rules more stringent than corresponding federal rules. The bill provides a window of opportunity for retroactive review of rules enacted from January 1, 1990 forward to the effective date if a valid petition for review is filed by an affected person. Fiscal impacts will depend largely on the number of retroactive reviews requested.

Senate Bill 330 - This legislation revises the definition of "high quality waters" that are subject to the state's nondegradation policy and limits who can challenge discharge permit decisions.

Senate Bill 331 - This legislation raises the allowable amount of certain pollutants in the water, such as arsenic and nitrates; requires that discharge treatment standards be economically, environmentally, and technologically feasible; and allows the adoption of site-specific water quality standards. The bill indicates that "the legislature intends that, in promulgating rules under this bill, the board of [environmental quality] should seriously consider the impact of proposed rules and that the rules should be adopted on the basis of sound, scientific justification and never on the

basis of projections or conjecture. The legislature is specifically concerned that water quality criteria must reflect concentrations that can be reliably measured, or the rules will, as a practical matter, be unenforceable."

Senate Bill 366 - This legislation revises the Major Facilities Siting Act (MFSA) by increasing from 50 megawatts to 150 megawatts the minimum size of electric generating facilities subject to the act and by making other minor changes. It is expected SB 366 will decrease the number of future MFSA reviews, which will decrease the need for contingency appropriations of state special revenues collected from applicants to pay for the reviews.

Senate Bill 382 - This bill creates a pilot program to use metal mines tax proceeds to cleanup abandoned mines, creates a voluntary cleanup process, and requires the department to set up a collaborative process with legislative oversight from the Environmental Quality Council to analyze the desirability of eliminating joint and severable liability for state superfund sites. While the bill establishes a pilot program and diverts for that purpose metal mines tax proceeds that were previously deposited to the Resource Indemnity Trust, no appropriation was made by the legislature to pay for that pilot program.

5301 00 00000 DEPT OF ENVIRONMENTAL QUALITY EXECUTIVE BUDGET COMPARISON									
Agency Summary									
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97	
FTE	391.00	419.55	366.55	(53.00)	426.05	366.55	(59.50)	(59.50)	
Personal Services	12,127,864	14,458,970	12,954,524	(1,504,446)	14,736,876	13,022,260	(1,714,616)	(3,219,062)	
Operating Expenses	12,250,439	24,268,934	15,888,155	(8,380,779)	20,774,750	14,956,489	(5,818,261)	(14,199,040)	
Equipment	346,224	853,705	328,544	(525,161)	566,826	240,556	(326,270)	(851,431)	
Capital Outlay	250,424	0	0	0	0	0	0	0	
Grants	1,731,877	1,904,199	1,823,909	(80,290)	1,931,880	1,883,528	(48,352)	(128,642)	
Transfers	0	20,000	20,000	0	20,000	20,000	0	0	
Debt Service	4,630	5,044	5,044	0	5,044	5,044	0	0	
Total Costs	\$26,711,458	\$41,510,852	\$31,020,176	(\$10,490,676)	\$38,035,376	\$30,127,877	(\$7,907,499)	(\$18,398,175)	
<u>Fund Sources</u>									
General Fund	909,673	1,517,181	2,144,637	627,456	1,500,644	2,159,448	658,804	1,286,260	
State/Other Special	11,284,749	20,565,850	14,866,852	(5,698,998)	17,273,200	14,486,167	(2,787,033)	(8,486,031)	
Federal Special	12,271,884	16,517,779	14,008,687	(2,509,092)	16,456,353	13,482,262	(2,974,091)	(5,483,183)	
Proprietary	1,920,965	2,510,042	0	(2,510,042)	2,405,179	0	(2,405,179)	(4,915,221)	
Expendable Trust	324,187	400,000	0	(400,000)	400,000	0	(400,000)	(800,000)	
Total Funds	\$26,711,458	\$41,510,852	\$31,020,176	(\$10,490,676)	\$38,035,376	\$30,127,877	(\$7,907,499)	(\$18,398,175)	

Executive Budget Comparison

The present law budget approved by the legislature differs from the executive in the following major areas during the biennium: 1) environmental impact statements and environmental assessments for mining, major facilities siting, and other areas are lower by \$4.74 million; 2) Water Quality Division nonpoint source and wetlands activities are \$3.0 million lower; 3) Environmental Remediation Division leaking underground storage tank activities and an emergency clean-up contingency are lower by approximately \$1.69 million and \$0.8 million, respectively; 4) Energy Division mitigation activities are \$0.8 million lower; 5) in the Director's Office and Central Services, 24.5 FTE and \$2.37 million in proprietary funds were taken off budget to comply with HB 576, while 16.0 FTE and \$1.69 million in proprietary funds authority were transferred to the new Department of Health and Human Services in compliance with SB 345; 6) 14.5 FTE and general fund, state special revenues, and federal funds of \$1.47 million were transferred from DNRC and DSL for management and other central functions in compliance with SB 234; 7) replacement equipment is lower

by \$380,000; and 8) various present law adjustments totalling \$338,000 were denied in the Water Quality Division.

Two new proposals denied in Central Services would have added 3.0 FTE and appropriations of \$616,042. A total of 18 new proposals were denied in the Air Quality and Water Quality Divisions, resulting in 35.5 fewer FTE and \$3.72 million less in appropriations. However, the legislature accepted two of its own new proposals in these divisions adding 5.0 FTE and state special revenue appropriations of almost \$750,000. Another legislative new proposal was accepted in the Reclamation Division for the replacement of \$123,165 Resource Indemnity Tax (RIT) state special revenue each year with general fund to help alleviate an over appropriation of anticipated revenue contained in the Executive Budget.

DEPT OF ENVIRONMENTAL QUALITY				DIRECTOR'S OFFICE					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	10.00	(10.00)	0.00	0.00	(10.00)	0.00	0.00	0.00	
Personal Services	412,360	(412,360)	0	0	(412,360)	0	0	0	
Operating Expenses	94,580	5,420	0	100,000	5,420	0	100,000	200,000	
Equipment	2,852	(2,852)	0	0	(2,852)	0	0	0	
Total Costs	\$509,792	(\$409,792)	\$0	\$100,000	(\$409,792)	\$0	\$100,000	\$200,000	
Fund Sources									
General Fund	70,077	(70,077)	0	0	(70,077)	0	0	0	
State/Other Special	20,469	79,531	0	100,000	79,531	0	100,000	200,000	
Proprietary	419,246	(419,246)	0	0	(419,246)	0	0	0	
Total Funds	\$509,792	(\$409,792)	\$0	\$100,000	(\$409,792)	\$0	\$100,000	\$200,000	

Program Description

The Director's Office of the Department of Health and Environmental Sciences was split between the new departments of Environmental Quality and Public Health and Human Services (PHHS). This department was allocated 4.0 FTE lawyers that are supported with proprietary funds (which were taken off budget as a result of HB 576). Environmental assessments and environmental impact statements (EIS) were also assigned to this department.

Reorganization

As a result of the passage of SB 234 and 345, certain functions of the Director's Office in the former DHES were transferred to this agency. Remaining functions were transferred to the new PHHS.

Funding

This program is funded with fees charged to perform environmental impact statements. All other activities in this program are funded with proprietary funds that were taken off-budget pursuant to HB 576.

Present Law Adjustments

- 1) Personal Services - The legislature accepted the executive proposal to increase personal services due to the fiscal 1995 pay plan annualization and other adjustments.
- 4) EIS - The legislature approved \$100,000 each year for EIS activities, or an increase of \$79,531 each year over the fiscal 1994 level. Contractors are hired to prepare the EIS, which are paid for by permit fees charged to applicants. The amount approved is \$200,000 lower than requested in the Executive Budget.
- 5) Personal Services Reductions - The legislature accepted the Executive's proposed reduction, but directed that the reductions be taken in operating expenses rather than personal services. This adjustment results in operating expense reductions of \$23,019 in fiscal 1996 and \$23,199 in fiscal 1997. Proprietary funds are decreased to achieve the reduction.
- 6) Senate Bills 234 & 345 - Reorganizations - Due to these two major reorganization bills, appropriations for the Director's Office in the former DHES were split between DEQ and PHHS. Proprietary fund appropriations just under

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$48,012	\$50,196
2 Inflation/Deflation	249	153
3 Fixed Costs	8,921	9,637
<i>Other Present Law Adjustments</i>		
4 EIS	79,531	79,531
5 Personal Services Reductions	(23,019)	(23,199)
6 SBs 234 & 345 - Reorganizations	(346,652)	(348,400)
7 HB 576 - Removal of Proprietary Funds	(176,834)	(177,710)
Total Present Law Adjustments	(\$409,792)	(\$409,792)

\$350,000 each year (including all of the personal services reductions in adjustment number 5 and 6.0 FTE were transferred to PHHS.

7) **House Bill 576 - Removal of Proprietary Funds** - The remaining 4.0 FTE and proprietary funds approximating \$177,000 each year were removed from the budget to comply with HB 576, which allows certain proprietary funds to be spent without legislative appropriations.

The proprietary funds are generated by charging a rate against all personal services costs funded consistently with how those personal services were funded. A rate of 21 percent was used in developing the former DHES budget for this program and for Central Services. Development of the rate includes a balancing factor for over-recovery or under-recovery in prior years. Because the 21 percent rate includes a significant factor for previous under-recoveries, the rate should decrease in the next biennium.

DEPT OF ENVIRONMENTAL QUALITY Program Summary		CENTRAL SERVICES							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	57.45	(30.45)	1.00	28.00	(30.45)	1.00	28.00	28.00	
Personal Services	1,743,399	(859,130)	31,821	916,090	(854,861)	31,933	920,471	1,836,561	
Operating Expenses	1,008,780	(174,313)	981	835,448	(149,571)	1,082	860,291	1,695,739	
Equipment	86,437	(86,187)	0	250	(86,187)	0	250	500	
Total Costs	\$2,838,616	(\$1,119,630)	\$32,802	\$1,751,788	(\$1,090,619)	\$33,015	\$1,781,012	\$3,532,800	
Fund Sources									
State/Other Special	1,333,344	385,642	32,802	1,751,788	414,653	33,015	1,781,012	3,532,800	
Federal Special	145,001	(145,001)	0	0	(145,001)	0	0	0	
Proprietary	1,360,271	(1,360,271)	0	0	(1,360,271)	0	0	0	
Total Funds	\$2,838,616	(\$1,119,630)	\$32,802	\$1,751,788	(\$1,090,619)	\$33,015	\$1,781,012	\$3,532,800	

Program Description

Central Services provides support services for the department in the areas of financial reporting, budgeting, accounting, grants and contracts management, record keeping, and other support activities as required. The public health and chemistry laboratories are also included in this program.

Reorganization

As a result of the passage of SB 234 and 345, the laboratories and certain support functions of the Central Services Division in the former DHES were transferred to this agency. Remaining support functions were transferred to the new PHHS.

Funding

This program is funded with fees charged for laboratory services. All other activities in this program are supported by proprietary funds that were taken off-budget pursuant to HB 576.

Present Law Adjustments

- 1) Personal Services - The legislature accepted the executive proposal to increase personal services due to the fiscal 1995 pay plan annualization and other adjustments.
- 4) Indirect Costs - The legislature accepted the executive proposal for indirect cost increases to be charged to the laboratories and paid with lab fees. Indirect assessments are charged to all programs to fund certain centralized functions.
- 5) Personal Services Reductions - The legislature accepted the executive's proposed reduction, but directed that the reductions be taken in operating expenses rather than vacancy savings. This adjustment represents this program's proprietary funded portion of the executive's proposal to fund the pay plan.
- 6) Senate Bills 234 & 345 - Reorganizations - Proprietary funds authority of \$502,598 in fiscal 1996 and \$489,644 in fiscal 1997 and 10.0 FTE were transferred to PHHS as a result of these two major reorganization bills.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$122,541	\$131,323
2 Inflation/Deflation	33,759	53,282
3 Fixed Costs	168,157	101,766
<i>Other Present Law Adjustments</i>		
4 Indirect Costs	103,463	104,360
5 Personal Services Reductions	(46,924)	(48,170)
6 SBs 234 & 345 - Reorganizations	(502,598)	(489,644)
7 HB 576 - Removal of Proprietary Funds	(1,037,275)	(982,783)
8 Other	39,247	39,247
Total Present Law Adjustments	(\$1,119,630)	(\$1,090,619)

7) House Bill 576 - Removal of Proprietary Funds - HB 576 allows certain proprietary funds to be spent without being appropriated by the legislature. To comply with HB 576, 20.5 FTE and proprietary funds authority approximating \$1 million each year were removed from the budget. Please refer to Present Law Adjustment number 7 in the Director's Office for a description of how these proprietary funds are generated.

5301 02 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Dyed Fuel Program	1.00		\$79,000	1.00		\$79,000
2 Personal Services Reductions			(46,198)			(45,985)
Totals	1.00		\$32,802	1.00		\$33,015

New Proposals

- 1) Dyed Fuel Program - The legislature accepted the executive new proposal as proposed, which adds 1.0 FTE to the chemistry laboratory for analysis of Department of Transportation (DOT) fuel samples. Total proposed expenditures are \$79,000 annually. Funding is from fees charged to DOT for the tests performed. The budget for DOT includes funding for this purpose.
- 2) Personal Services Reductions - The legislature accepted the dollar amount of this executive proposal, but directed that the reductions be taken in operating expenses rather than personal services. Funding from laboratory fees is reduced correspondingly.

5301 03 00000

DEPT OF ENVIRONMENTAL QUALITY**Program Summary****AIR QUALITY DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	50.53	3.00	4.50	58.03	3.00	4.50	58.03	58.03
Personal Services	1,437,698	537,203	114,248	2,089,149	546,057	114,286	2,098,041	4,187,190
Operating Expenses	586,918	359,757	177,056	1,123,731	362,542	196,959	1,146,419	2,270,150
Equipment	36,069	0	26,840	62,909	0	0	36,069	98,978
Grants	229,110	45,598	0	274,708	82,433	0	311,543	586,251
Total Costs	\$2,289,795	\$942,558	\$318,144	\$3,550,497	\$991,032	\$311,245	\$3,592,072	\$7,142,569
Fund Sources								
General Fund	233,015	135,191	(9,854)	358,352	138,454	(9,925)	361,544	719,896
State/Other Special	954,529	872,659	202,751	2,029,939	1,125,321	175,489	2,255,339	4,285,278
Federal Special	960,803	76,156	125,247	1,162,206	(131,295)	145,681	975,189	2,137,395
Proprietary	141,448	(141,448)	0	0	(141,448)	0	0	0
Total Funds	\$2,289,795	\$942,558	\$318,144	\$3,550,497	\$991,032	\$311,245	\$3,592,072	\$7,142,569

Program Description

The Air Quality Division has two bureaus: 1) Air Quality and; 2) Occupational and Radiological Health. The Air Quality Bureau is responsible for maintaining outdoor air quality levels considered safe for the public's health and welfare through permit review, inspections, monitoring, and the dissemination of information. The Occupational and Radiological Health Bureau is responsible for: 1) administering the Radiological Health program, with primary emphasis on inspection of x-ray machines; 2) the regulation of asbestos consultants, contractors, and workers; and 3) the provision of measurement and technical expertise to ensure safety in homes and work places.

Funding

This program is funded with general fund, state special revenue, and federal funds. Table 2 shows each of the components of the Air Quality Division and related funding. State special revenues come primarily from fees. The reclamation and development funds come from RIT sources. Language in HB 2 restricts these RIT funds to contracting with the Bureau of Mines for radon in water testing and Geographic Information System (GIS) mapping.

Federal Environmental Protection Agency (EPA) air quality funds require a 40 percent match. General fund and fees are used to provide the match (the state is currently discussing with the EPA the propriety of using these fees as match). Federal radon funds require a 50 percent match which presently comes from the reclamation and development RIT funds and from local community program expenditures.

Table 2
Air Quality Division Funding

Program/Funding Source	FY 96	FY 97
PRESENT LAW		
<u>Division Administration</u>		
Air Quality Fees	\$25,778	\$25,856
<u>Air Quality Bureau</u>		
General Fund	\$177,322	\$179,557
Air Quality Fees	1,645,437	1,896,858
Federal EPA Air Quality	1,036,900	829,444
<u>Occupational Health Bureau</u>		
General Fund	\$190,884	\$191,912
Asbestos Fees	130,973	132,136
Reclamation & Development RIT	25,000	25,000
Federal Radon	59	64
Total Present Law	\$3,232,353	\$3,280,827
NEW PROPOSALS		
General Fund	(\$9,854)	(\$9,925)
State Special Revenue	202,751	175,489
Federal Funds	125,247	145,681
Total New Proposals	\$318,144	\$311,245
Total Funding	\$3,550,497	\$3,592,072

Present Law Adjustments

1) Personal Services - The legislature approved personal services increases due primarily to the amount of time taken to fill 10.0 new FTE positions in the base year and the addition of 5.0 new FTE positions in fiscal 1995. These new FTE were authorized by the 1993 legislature. The net increase of 3.0 FTE is due to the addition of the 5.0 FTE and the reduction of 2.0 FTE that had been devoted to one-time-only activities.

4) Contracts with Non-Profits - This executive proposal was accepted at the level requested. This proposal increases Air Quality Bureau contracts with non-profit entities. Approximately \$22,000 annually would cover air quality monitoring and source compliance activities in Cascade County. Contracts with the Montana State Library (MSL)

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$537,203	\$546,057
2 Inflation/Deflation	10,320	11,865
3 Fixed Costs	(55,551)	(55,551)
<i>Other Present Law Adjustments</i>		
4 Contracts with Non-Profits	\$27,796	\$26,943
5 Radon Contract to Bureau of Mines	25,000	25,000
6 Supplies	(20,113)	(20,113)
7 Communications	18,997	18,997
8 Move to Private Office Space	97,094	97,484
9 Indirect Charges	256,214	257,917
10 Grants to Counties	45,598	82,433
Total Present Law Adjustments	\$942,558	\$991,032

for GIS mapping of non-attainment areas, monitoring sites, and emission sources represent about \$6,000 in fiscal 1996 and \$4,500 in fiscal 1997.

5) **Radon Contracts to Bureau of Mines** - The legislature accepted an executive proposal to spend \$25,000 annually for radon GIS mapping and radon in water testing by the Bureau of Mines and Geology (BMG). The 1993 legislature approved a \$50,000 biennial appropriation from the reclamation and development (RIT funds) state special revenue account for program administration and contracting with BMG for implementation of the Radon Control Act (Sections 75-3-601 through 75-3-607, MCA). No expenditures were made in fiscal 1994 due to delays in implementing the program. Language has been included in HB 2 to restrict the use of these funds to the contracts with BMG.

6) **Supplies** - The legislature accepted an executive proposal for a \$20,113 annual decrease in supplies expenditures. The decrease is due primarily to the elimination of one-time purchases of cabinets, benches, office dividers, and other minor supplies when the division offices were moved to a new location.

7) **Communications** - This executive proposal was accepted as requested, resulting in an increase in communications expenditures of \$18,997 each year. The increase reflects full expenditures for new FTE added late in fiscal 1994 and in fiscal 1995.

8) **Move to Private Office Space** - The legislature increased rent expenditures by \$79,489 in fiscal 1996 and \$79,879 in fiscal 1997 and utilities by \$17,605 annually to reflect the division's move from the Cogswell Building to private office space. Fixed costs have been reduced significantly to remove related expenses at the capitol complex that were incurred during the base year.

9) **Indirect Charges** - The legislature accepted the executive proposal to increase indirect charges.

10) **Grants to Counties** - The legislature accepted an executive proposal for increases in grants made to local air pollution control programs. Grants totalling \$274,708 in fiscal 1996 and \$311,543 in fiscal 1997 would be made to Butte/Silver Bow, Flathead, Gallatin, Lewis & Clark, Lincoln, Missoula, Sanders, and Yellowstone counties.

New Proposals

1) **Mammography Equipment Inspections** - Under this executive new proposal, the department will conduct inspections of mammography service providers on behalf of the federal Food and Drug Administration (FDA) and FDA will provide reimbursement. The FDA requires annual inspections of mammography service providers and charges a fee for the inspections. It was determined that inspections conducted by the state would cost mammography service providers about half as much as FDA conducted inspections.

5301 03 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Mammography Equip Inspection	1.00		\$67,354	1.00		\$63,000
2 Permitting, Compliance & SIP	5.00		261,880	5.00		235,040
3 Radon Control	0.50		87,457	0.50		112,457
4 Personal Services Reductions	(2.00)	(9,854)	(98,547)	(2.00)	(9,925)	(99,252)
Totals	4.50	(\$9,854)	\$318,144	4.50	(\$9,925)	\$311,245

2) Permitting, Compliance & Statewide Implementation Plan (SIP) - The legislature accepted its own new proposal to add state special revenue authority of \$261,880 in fiscal 1996 and \$235,040 in fiscal 1997 for duties related to ambient air quality regulation. Language has been included in HB 2 stating that the division may add no more than 5.0 FTE during the biennium and that at least 3.0 of the additional FTE will perform permitting activities. This new proposal is funded by fees charged to regulated entities.

3) Radon Control - The legislature accepted an executive new proposal to add 0.50 FTE and total expenditures of \$87,457 in fiscal 1996 and \$112,457 in fiscal 1997 for public information and outreach efforts for radon. Grants to counties would be \$40,000 in fiscal 1996 and \$67,000 in fiscal 1997. The remainder would be retained by the department for radon control information and outreach efforts. This new proposal is funded by a federal radon grant that requires a 50 percent match. Counties would provide sufficient matching efforts for funds they receive. The majority of the match required of the department is achieved through present law adjustment number 5. The legislature approved this new proposal on a one-time-only basis.

4) Personal Services Reductions - This new proposal was accepted by the legislature at the levels proposed by the executive, and eliminates 2.0 computer support FTE, resulting in personal services reductions of \$57,109 in fiscal 1996 and \$57,306 in fiscal 1997. Vacancy savings of \$41,438 in fiscal 1996 and \$41,946 in fiscal 1997 are also included. The reduction is made in general fund, air quality fees, asbestos fees, and the EPA air quality grant.

Language

"Funds approved in item [radon contract] may be used only to contract with the Montana bureau of mines and geology for radon in water testing and GIS mapping."

"Included in the air quality division funding is authority to add no more than 5.0 FTE in fiscal year 1996 and fiscal year 1997 to be funded with state special revenue funds. At least 3.0 FTE of the additional 5.0 FTE will perform permitting activities each year of the biennium."

DEPT OF ENVIRONMENTAL QUALITY**Program Summary****ENVIRONMENTAL REMEDIATION DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	36.16	0.00	(2.00)	34.16	0.00	(2.00)	34.16	34.16
Personal Services	1,062,781	223,300	(63,781)	1,222,300	229,446	(64,274)	1,227,953	2,450,253
Operating Expenses	1,927,013	1,022,677	0	2,949,690	729,065	0	2,656,078	5,605,768
Equipment	5,983	14,517	3,100	23,600	26,717	3,100	35,800	59,400
Total Costs	\$2,995,777	\$1,260,494	(\$60,681)	\$4,195,590	\$985,228	(\$61,174)	\$3,919,831	\$8,115,421
Fund Sources								
State/Other Special	1,282,201	575,140	(30,774)	1,826,567	577,195	(30,315)	1,829,081	3,655,648
Federal Special	1,713,576	685,354	(29,907)	2,369,023	408,033	(30,859)	2,090,750	4,459,773
Total Funds	\$2,995,777	\$1,260,494	(\$60,681)	\$4,195,590	\$985,228	(\$61,174)	\$3,919,831	\$8,115,421

Program Description

The Environmental Remediation Division administers programs established to cleanup sites contaminated by a variety of substances and activities. The programs include: 1) Superfund, which allows the department to investigate potentially hazardous disposal sites to determine if past disposal practices are resulting in threats to public health or the environment; 2) the Comprehensive Environmental Cleanup and Responsibility Act (also known as the State Superfund Act), which enables the investigation and cleanup of hazardous waste sites in Montana that are not on the Federal Superfund National Priority List; and 3) the remediation portion of the Underground Storage Tank Act, which allows the cleanup of leaking underground storage tanks.

Funding

This program is funded with state special and federal revenues. Table 3 shows each of the components of the Environmental Remediation Division and related funding. State special revenues come primarily from RIT interest. Special projects are funded directly by Burlington Northern and the Atlantic Richfield Company (ARCO) for state costs associated with oversight of cleanup activities.

Federal superfund-core funds and Leaking Underground Storage Tank (LUST) trust money both require a 10 percent match. Hazardous waste/CERCLA is used for the match.

Table 3
Environmental Remediation Division Funding

Program/Funding Source	FY 96	FY 97
PRESENT LAW		
<u>Superfund</u>		
Hazardous Waste/CERCLA	\$25,000	\$25,000
Environmental Quality Protection	393,991	393,123
Federal Superfund - Core	250,000	250,000
Federal Superfund - Multi-Site	875,497	870,287
Federal Superfund - Silver Bow	235,000	279,000
Federal Department of Defense - MOU	100,000	100,000
Federal Superfund - Montana Pole	587,000	262,329
<u>LUST</u>		
Hazardous Waste/CERCLA	\$94,583	\$94,583
Federal LUST Trust	52,263	52,890
Federal LUST Cost Recoveries	299,170	307,103
<u>EQPF</u>		
Environmental Quality Protection	\$593,355	\$593,355
<u>Special Projects</u>		
Burlington Northern	\$288,455	\$288,498
ARCO	461,957	464,837
Total Present Law	<u>\$4,256,271</u>	<u>\$3,981,005</u>
NEW PROPOSALS		
State Special Revenue	(\$30,774)	(\$30,315)
Federal Funds	(29,907)	(30,859)
Total New Proposals	<u>(\$60,681)</u>	<u>(\$61,174)</u>
Total Funding	<u>\$4,195,590</u>	<u>\$3,919,831</u>

Present Law Adjustments

- 1) Personal Services - The increases are due primarily to vacancies that occurred during the base year.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$223,300	\$229,446	
2 Inflation/Deflation	9,392	13,378	
3 Fixed Costs	(2,017)	(2,017)	
<i>Other Present Law Adjustments</i>			
4 Remediation Technical Consulting	\$708,184	\$408,184	
5 LUST Consulting	(318,441)	(318,441)	
6 Environmental Quality Protection Fund	350,000	350,000	
7 Special Projects Consulting	95,225	95,225	
8 Indirect Charges	156,254	157,917	
9 Equipment	14,517	26,717	
10 Other	24,080	24,819	
Total Present Law Adjustments	\$1,260,494	\$985,228	

consulting if such funds become available.

6) **Environmental Quality Protection Fund (EQPF)** - The EQPF is for expenditures necessary to respond quickly to the release of hazardous or deleterious substances. The legislature approved an increase of \$350,000 each year over the level of operating expenses incurred during the base year, or \$406,645 lower each year than was requested by the executive.

7) **Special Projects Consulting** - The legislature accepted this executive proposal to increase consulting expenditures by \$95,225 each year for special projects. Special projects are essentially cleanup sites where a responsible party has been identified and agrees to work with the state and EPA in the cleanup process, and pays the state for its costs to oversee cleanup. Burlington Northern Railroad and ARCO sites represent the current special projects.

8) **Indirect Charges** - The legislature accepted the executive proposal for an increase of \$156,254 in fiscal 1996 and \$157,917 in fiscal 1997 for indirect charges.

9) **Equipment** - The legislature accepted the executive proposal for replacement equipment of \$20,500 in fiscal 1996 and \$32,700 in fiscal 1997, which represents increases of \$14,517 and \$26,717, respectively over the 1994 base. Proposed equipment purchases include computers and related hardware, a fax machine, and field testing equipment.

New Proposals

1) **Computer Equipment** - The legislature accepted an executive proposal to spend \$3,100 annually for computer hard drives and data storage equipment to meet growing data base storage requirements. This new proposal is funded with federal and state special revenues.

4) **Remediation Technical Consulting** - The legislature accepted this executive proposal with the caveat that it be funded totally with federal funds. This proposal allows increases of \$708,184 in fiscal 1996 and \$408,184 in fiscal 1997 for technical assistance with preliminary site investigations, remedial investigations, risk assessments, feasibility studies, remedial actions, and other activities at contaminated sites in the state. Base year costs were approximately \$590,000.

5) **LUST Consulting** - LUST consulting expenses are for environmental consulting services to complete remedial investigations and cleanup actions on leaking tanks. The legislature reduced amounts included in the base by \$318,441 in federal funds each year, leaving \$100,000. This level is lower than the Executive Budget request by \$847,737 in fiscal 1996 and \$846,866 in fiscal 1997. However, language has been included in HB 2 that appropriates federal funds up to \$847,737 in fiscal 1996 and \$846,866 in fiscal 1997 for LUST

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 New Computer Equipment			\$3,100			\$3,100
2 Personal Services Reductions	(2.00)		(63,781)	(2.00)		(64,274)
Totals	(2.00)		(\$60,681)	(2.00)		(\$61,174)

2) **Personal Services Reductions** - The legislature accepted the personal services reductions proposed by the executive. This new proposal eliminates 1.0 FTE water quality specialist and 1.0 FTE accounting technician, resulting in expenditure reductions of \$52,959 in fiscal 1996 and \$53,142 in fiscal 1997. Also included in this new proposal are vacancy savings of \$10,822 in fiscal 1996 and \$11,132 in fiscal 1997. This new proposal reduces federal and state special revenues.

Language

"Included in the environmental remediation division funding is \$446,016 in fiscal year 1996 and \$454,576 in fiscal year 1997 of federal funds and \$94,583 of state special revenue funds each fiscal year for leaking underground storage tank activities. Sufficient authority is available for \$100,000 in consultant and professional services each fiscal year of the 1997 biennium. The department is appropriated up to \$847,737 in fiscal year 1996 and \$846,866 in fiscal year 1997 of additional federal revenue for leaking underground storage tank consultant and professional services if the revenue becomes available."

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DEPT OF ENVIRONMENTAL QUALITY**Program Summary****WATER QUALITY DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	76.25	0.00	0.00	76.25	0.00	0.00	76.25	76.25
Personal Services	2,558,889	274,722	(141,230)	2,692,381	294,482	(142,444)	2,710,927	5,403,308
Operating Expenses	2,259,242	389,265	141,625	2,790,132	404,008	143,500	2,806,750	5,596,882
Equipment	63,052	9,888	0	72,940	(53,010)	0	10,042	82,982
Grants	335,262	54,238	0	389,500	74,238	0	409,500	799,000
Total Costs	\$5,216,445	\$728,113		\$5,944,953	\$719,718		\$5,937,219	\$11,882,172
Fund Sources								
State/Other Special	1,961,049	639,430	74,852	2,675,331	660,138	76,152	2,697,339	5,372,670
Federal Special	3,255,396	88,683	(74,457)	3,269,622	59,580	(75,096)	3,239,880	6,509,502
Total Funds	\$5,216,445	\$728,113		\$5,944,953	\$719,718		\$5,937,219	\$11,882,172

Program Description

The Water Quality Division is responsible for the protection of public health and the environmental quality of Montana water resources. The program administers the Montana Water Quality Act, Montana laws regarding public water supply, the Sanitation in Subdivision Act, the Water/Wastewater Operator Certification law, and numerous rules promulgated to implement these laws. The division has seven active programs responsible for the implementation of its statutes and rules: 1) Safe Drinking Water, which provides technical assistance and regulatory surveillance to ensure that water provided to the public meets minimum public health and engineering standards; 2) Water Quality Management, which monitors surface water to determine changes in quality or impacts from suspected pollution sources; 3) Nonpoint Source Pollution, which identifies streams and lakes whose quality is adversely impacted by nonpoint pollution sources; 4) Water Pollution Control, which investigates alleged violations of Montana water quality laws and undertakes enforcement if appropriate; 5) Water Discharge Permits, which controls the quality of wastes discharged into state waters; 6) Groundwater, which investigates groundwater contamination problems and develops cleanup plans to protect groundwater resources; and 7) Municipal Wastewater Assistance, which provides technical and financial assistance to municipalities for design, construction, and operation of wastewater treatment systems.

Funding

This program is supported with state special and federal revenues. Table 4 shows each of the components of the Water Quality Division and related funding. State special revenues come mostly from fees and RIT interest.

Federal Nonpoint Source (NPS) grants require a 40 percent match and wetlands and clean lake grants require a 30 percent match. Matching funds come from in-kind activities of other state agencies or organizations with which the department has contracts. EPA 106 grants require a \$85,386 maintenance of effort. The federal wastewater grant supports the wastewater revolving fund program and requires a 16.67 percent state match, which comes from bond proceeds. EPA safe drinking water grants require a 25 percent match.

Table 4
Water Quality Division Funding

Program/Funding Source	FY 96	FY 97
PRESENT LAW		
Water Quality Management		
Hazardous Waste - CERCLA	\$284,518	\$289,911
Water Quality State Lands	22,655	22,655
Federal NPS Grants	721,963	724,835
Federal Wetlands Grants	239,323	239,906
Federal Clean Lakes Grants	96,839	96,839
Federal EPA Water Grant 205J	73,600	73,600
Water Pollution Control		
Hazardous Waste - CERCLA	\$85,387	\$85,386
Federal EPA Water Grant 106	503,111	501,921
Water Permits		
Permit Fees	\$529,610	\$532,293
State Revolving Fund		
Bond Proceeds	\$64,955	\$74,005
Federal Wastewater Grant	287,394	341,300
Federal EPA Construction Grants	398,275	329,224
Groundwater		
Hazardous Waste - CERCLA	\$171,838	\$169,913
Agriculture Monitoring	15,000	15,000
Permit Fees	30,000	30,000
Federal EPA Groundwater Grant	208,049	207,313
Drinking Water/Subdivisions		
Hazardous Waste - CERCLA	\$171,163	\$171,161
Public Drinking Water Fees	594,651	598,241
Subdivision Fees	568,489	570,409
Training Fees	62,213	62,213
Federal EPA Safe Drinking Water Grant	815,525	800,038
Total Present Law	\$5,944,558	\$5,936,163
NEW PROPOSALS		
State Special Revenue		
Federal Funds	\$74,852 (74,457)	\$76,152 (75,096)
Total New Proposals	\$395	\$1,056
Total Funding	\$5,944,953	\$5,937,219

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$274,722	\$294,482
2 Inflation/Deflation	23,244	32,228
3 Fixed Costs	42,954	45,948
<i>Other Present Law Adjustments</i>		
4 Indirect Charges	323,067	325,832
5 Equipment	9,888	(53,010)
6 Grants	54,238	74,238
Total Present Law Adjustments	\$728,113	\$719,718

Present Law Adjustments

1) Personal Services - Fiscal 1994 vacancy savings, which totaled over 14 percent, is the primary reason for the increase. Pay plan salary increases are over \$33,000 each year.

4) Indirect Charges - The legislature accepted the executive proposal for the increase in indirect charges of \$323,067 in fiscal 1996 and \$325,832 in fiscal 1997.

5) Equipment - Replacement equipment expenditures are included at \$72,940 in fiscal 1996 and \$10,042 in fiscal 1997, which result in an increase of \$9,888 in fiscal 1996 and a decrease of \$53,010 in fiscal 1997. Equipment purchases are for replacement of personal computers and related

hardware, desks, testing equipment, and vehicles.

6) Grants - Planning grants for local community evaluation of pollution control activities decrease by \$17,152 each year. Grants to local communities for subdivision evaluations, public water supply sample collections, and sanitary surveys increase by \$71,390 in fiscal 1996 and \$91,390 in fiscal 1997.

New Proposals						
New Proposal	FTE	Fiscal 1996		Fiscal 1997		Total Funds
		General Fund	Total Funds	FTE	General Fund	
1 Implement New Legislation	0.00	\$0	\$125,000	0.00	\$0	\$125,000
2 Personal Services Reductions	0.00	0	(141,230)	0.00	0	(142,444)
3 Monitor Clark Fork-ARCO	0.00	0	16,625	0.00	0	18,500
Totals	0.00	\$0	\$395	0.00	\$0	\$1,056

New Proposals

1) Implement New Legislation - The legislature appropriated \$125,000 of state special revenue each year for implementation of legislation impacting water quality regulation, such as SB 331, which revises the Montana Water Quality Act.

2) Personal Services Reductions - The executive proposal for vacancy savings of \$141,230 in fiscal 1996 and \$142,444 in fiscal 1997, or approximately 4.5 percent, was accepted by the legislature. Funding was reduced in seven state special revenue accounts and eight federal funds sources.

3) Monitor Clark Fork - ARCO - This new proposal was accepted at the level proposed by the executive. Expenses are expected to be \$16,625 in fiscal 1996 and \$18,500 in fiscal 1997 for contracted services to analyze samples from the Clark Fork River. The results will be used to judge the effectiveness of cleanup efforts in the Clark Fork basin. The ARCO will provide the funds for this project.

Language

"Included in the water quality division funding is sufficient authority to contract \$664,755 each fiscal year with nonprofit entities for water quality management activities. At least 60% of this annual amount must be contracted to conservation districts. No more than 10% of this annual amount may be spent on studies."

"Included in the water quality division funding is \$721,963 in fiscal year 1996 and \$724,835 in fiscal year 1997 of federal nonpoint source pollution prevention funds (NPS funds). The department is appropriated up to \$3 million of additional NPS funds during the 1997 biennium for the purpose of contracting with conservation districts if the funds become available."

DEPT OF ENVIRONMENTAL QUALITY				PETRO TANK RELEASE COMP BOARD					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	23.84	0.50	0.00	24.34	0.50	0.00	24.34	24.34	
Personal Services	608,899	188,543	(37,853)	759,589	192,294	(38,038)	763,155	1,522,744	
Operating Expenses	340,416	217,046	0	557,462	226,022	0	566,438	1,123,900	
Equipment	22,358	(1,058)	8,500	29,800	(6,058)	8,500	24,800	54,600	
Total Costs	\$971,673	\$404,531	(\$29,353)	\$1,346,851	\$412,258	(\$29,538)	\$1,354,393	\$2,701,244	
<u>Fund Sources</u>									
State/Other Special	971,673	404,531	(29,353)	1,346,851	412,258	(29,538)	1,354,393	2,701,244	
Total Funds	\$971,673	\$404,531	(\$29,353)	\$1,346,851	\$412,258	(\$29,538)	\$1,354,393	\$2,701,244	

Program Description

The Petroleum Tank Release Compensation Board (board) administers the petroleum tank release cleanup fund. The board is attached to DEQ for administrative purposes only and works closely with the Environmental Remediation Division. The board's statutory functions are to: 1) assure the cleanup of petroleum products which leak from storage tanks; 2) reimburse owners or operators of eligible tanks for their expenditures in cleaning up such releases; and 3) compensate persons who live at or own property near leaking storage tanks for bodily injury or property damage they sustain as a result of the release. The board is authorized to hire its own staff and pay for department staff utilized for preparation and oversight of corrective action plans. The board is authorized under section 2-15-2108, MCA. The petroleum tank release cleanup fund, which is established at section 75-11-313, MCA, is statutorily appropriated at section 17-7-502, MCA. Administrative costs of the board are subject to legislative appropriation.

Funding

The Petroleum Tank Release Compensation Board is funded by a fee assessed on all gasoline distributed within the state.

Present Law Adjustments

- 1) Personal Services - The increase in personal services is primarily due to vacancy savings of almost 10 percent in fiscal 1994. Several positions were vacant for extended periods of time during the base year. The transfer of 0.5 FTE from the Environmental Remediation Division also contributes to the present law increases.
- 4) Contracts & Professional Services - There is a 1998 deadline for upgrade or replacement of all existing underground storage tanks. As that deadline approaches, the number of detected leaking underground storage tanks has been increasing as replacements and upgrades are made. The increased volume is expected to cause higher reimbursement payments to local governments, increased litigation, and the need for other professional services.
- 5) Travel - The increase is for training, board member travel to meetings, and annualization of expenses to reflect that the program was not fully staffed during fiscal 1994.
- 6) Office Rent - The executive proposal was accepted for increases of \$35,138 annually for rental of office space in Helena, Billings, and Polson.
- 7) Vehicle Leases - The legislature increased expenditures by \$9,600 annually to lease vehicles for the Billings and Polson regional offices.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$188,543	\$192,294
2 Inflation/Deflation	11,481	16,102
3 Fixed Costs	(1,060)	(1,060)
<i>Other Present Law Adjustments</i>		
4 Contracts and Professional Services	\$33,451	\$35,786
5 Travel	15,126	15,126
6 Office Rent	35,138	35,138
7 Vehicle Leases	9,600	9,600
8 Indirect Charges	105,980	106,763
9 Equipment	(1,058)	(6,058)
10 Other	7,330	8,567
Total Present Law Adjustments	\$404,531	\$412,258

8) Indirect Charges - The executive proposed an increase in indirect charges of \$105,980 in fiscal 1996 and \$106,763 in fiscal 1997, which was accepted by the legislature.

9) Equipment - The legislature added replacement equipment expenditures of \$21,300 in fiscal 1996 and \$16,300 in fiscal 1997, which represent decreases of \$1,058 and \$6,058 respectively. The expenditures will be used to replace one computer and field detection equipment.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Field Equipment	0.00	\$0	\$8,500	0.00	\$0	\$8,500
2 Personal Services Reductions	0.00	0	(37,853)	0.00	0	(38,038)
Totals	0.00	\$0	(\$29,353)	0.00	\$0	(\$29,538)

New Proposals

- 1) Field Equipment - The executive proposal for \$8,500 each year for field testing equipment was accepted by the legislature.
- 2) Personal Services Reductions - The executive proposed vacancy savings were accepted by the legislature.

DEPT OF ENVIRONMENTAL QUALITY				WASTE MANAGEMENT DIVISION					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	48.34	(0.50)	(1.00)	46.84	(0.50)	(1.00)	46.84	46.84	
Personal Services	1,413,712	233,386	(83,208)	1,563,890	242,302	(83,921)	1,572,093	3,135,983	
Operating Expenses	652,062	331,616	0	983,678	364,455	0	1,016,517	2,000,195	
Equipment	9,953	0	0	9,953	0	0	9,953	19,906	
Grants	891,747	117,954	0	1,009,701	120,738	0	1,012,485	2,022,186	
Total Costs	\$2,967,474	\$682,956	(\$83,208)	\$3,567,222	\$727,495	(\$83,921)	\$3,611,048	\$7,178,270	
Fund Sources									
General Fund	122,934	33,963	(4,900)	151,997	37,798	(4,950)	155,782	307,779	
State/Other Special	2,230,985	715,314	(62,808)	2,883,491	805,617	(64,580)	2,972,022	5,855,513	
Federal Special	613,555	(66,321)	(15,500)	531,734	(115,920)	(14,391)	483,244	1,014,978	
Total Funds	\$2,967,474	\$682,956	(\$83,208)	\$3,567,222	\$727,495	(\$83,921)	\$3,611,048	\$7,178,270	

Program Description

The Waste Management Division administers four environmental laws designed to protect public health and the environment. The programs include: 1) Solid Waste Management, which provides for licensing, technical assistance, inspection, and enforcement of municipal, county, and private solid waste management systems throughout the state; 2) Motor Vehicle Recycling and Disposal, a regulatory program that controls the disposal of junk motor vehicles and shielding of disposal sites; 3) Hazardous Waste, a regulatory program that controls generation, transportation, treatment, storage and disposal of hazardous wastes; and 4) the licensing portion of the Underground Storage Tank Act.

Funding

This program is supported with general fund, state special, and federal revenues. Table 5 shows each of the components of the Waste Management Division and related funding. Junk vehicle fees come from vehicle license fees, title registration fees, wrecking facility license fees, junk vehicle disposal fees, and the sale of junk vehicles for scrap. Hazardous waste/CERCLA receives RIT interest and cost recovery revenues.

Underground Storage Tank (UST) leak prevention revenues come from permit fees for installation or closure of underground storage tanks. Solid waste management fees represent: 1) fees to review applications for new solid waste management systems or significant changes to existing systems; and 2) annual fees for existing systems.

Federal funds require a 25 percent match that presently come from expenditure of hazardous waste/CERCLA funds.

Table 5
Waste Management Division Funding

Program/Funding Source	FY 96	FY 97
PRESENT LAW		
<u>Junk Vehicles</u>		
Junk Vehicle Fee	\$1,080,688	\$1,096,084
<u>Hazardous Waste</u>		
Hazardous Waste - CERCLA	\$530,549	\$560,596
Hazardous Waste Fees	15,000	72,000
Federal EPA Letter of Credit	401,692	347,097
<u>Underground Storage Tanks (UST)</u>		
Installer License & Permit Fees	\$157,720	\$147,000
Hazardous Waste - CERCLA	54,211	54,219
UST Leak Prevention	460,480	458,247
Federal UST Funds	145,542	150,538
<u>Solid Waste</u>		
General Fund	\$156,897	\$160,732
Solid Waste Management Fees	647,651	648,456
Total Present Law	\$3,650,430	\$3,694,969
NEW PROPOSALS		
General Fund	(\$4,900)	(\$4,950)
State Special Revenue	(62,808)	(64,580)
Federal Funds	(15,500)	(14,391)
Total New Proposals	(\$83,208)	(\$83,921)
Total Funding	\$3,567,222	\$3,611,048

Present Law Adjustments

- 1) Personal Services - The increases are primarily due to vacancies that occurred during the base year. Pay plan salary increases total over \$19,000 each year.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$233,386	\$242,302
2 Inflation/Deflation	14,470	19,410
3 Fixed Costs	(3,449)	(3,449)
<i>Other Present Law Adjustments</i>		
4 Junk Vehicle Contingency	\$5,000	\$5,000
5 Hazardous Waste Consulting and Lab T	66,834	86,834
6 UST Consulting, Lab Services, & Legal l	28,206	27,856
7 Rent	32,039	32,039
8 Indirect Charges	188,516	196,765
9 Grants	117,954	120,738
Total Present Law Adjustments	\$682,956	\$727,495

to license UST installers, and other program duties.

- 7) Rent - The executive proposal for increases of \$32,039 annually for office space rent was accepted by the legislature.
- 8) Indirect Charges - The executive proposal for increases for indirect charges was accepted.
- 9) Grants - The executive proposal to increase grants to counties by \$198,244 in fiscal 1996 and \$169,090 in fiscal 1997 was reduced to \$117,954 in fiscal 1996 and \$120,738 in fiscal 1997. Junk Vehicle program grants would increase by \$36,228 in fiscal 1996 and \$50,753 in fiscal 1997. UST program grants would increase by \$81,726 in fiscal 1996 and \$69,985 in fiscal 1997.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(1.00)	(\$4,900)	(\$83,208)	(1.00)	(\$4,950)	(\$83,921)
Totals	(1.00)	(\$4,900)	(\$83,208)	(1.00)	(\$4,950)	(\$83,921)

New Proposals

- 1) Personal Services Reductions - This new proposal eliminates a 1.0 FTE solid and hazardous waste specialist and associated personal services costs of \$31,317 in fiscal 1996 and \$31,427 in fiscal 1997. Vacancy savings of \$51,891 in fiscal 1996 and \$52,494 in fiscal 1997 are also reflected. General fund, six state special revenue accounts, and two sources of federal funds are reduced.

Language

The legislature included the following language contingent on passage and approval of HB 605. HB 605 did not pass the legislature.

"Contingent on passage and approval of a bill to statutorily eliminate the junk vehicle program, item [Waste Management] is reduced by \$1,073,688 state special revenue in fiscal 1996 and by \$1,088,584 state special revenue in fiscal 1997. Contingent on passage and approval of this bill, all fund balance remaining in the junk vehicle disposal state special revenue account as of July 1, 1995, minus any outstanding obligations, shall be deposited to the general fund."

DEPT OF ENVIRONMENTAL QUALITY				CENTRAL SERV/NATURAL RESOURCES					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		0.00	11.50	0.00	11.50	11.50	0.00	11.50	11.50
Personal Services	0	527,524		0	527,524	530,603	0	530,603	1,058,127
Operating Expenses	0	<u>84,504</u>		0	<u>84,504</u>	<u>68,292</u>	0	<u>68,292</u>	<u>152,796</u>
Total Costs	\$0	\$612,028		\$0	\$612,028	\$598,895	\$0	\$598,895	\$1,210,923
<u>Fund Sources</u>									
General Fund	0	498,313		0	498,313	517,540	0	517,540	1,015,853
State/Other Special	0	22,000		0	22,000	16,500	0	16,500	38,500
Federal Special	0	91,715		0	91,715	64,855	0	64,855	156,570
Total Funds	\$0	\$612,028		\$0	\$612,028	\$598,895	\$0	\$598,895	\$1,210,923

Program Description

The Centralized Services Division provides managerial and administrative support services to the department. It is made up of 11.5 FTE that were part of the Centralized Services Division in the Department of Natural Resources and Conservation (DNRC) prior to the passage of SB 234.

Reorganization

As a result of the passage of SB 234, 11.5 FTE and general fund, state special revenue, and federal special revenue authority totaling approximately \$600,000 each year were transferred to this department from DNRC. The remainder of the former program's funding remains in DNRC. All fiscal 1994 base budget expenditures are reflected in that agency.

Funding

The Centralized Services Division is funded with general fund, state special revenues from fees charged to Major Facility Siting Act applicants, and federal funds from indirect charges in the Energy Division.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Present Law Adjustments</u>		
1 SB234-Reorg. to DEQ	612,098	598,895
Total Present Law Adjustments	\$612,098	\$598,895

Present Law Adjustments

- 1) Senate Bill 234 - Reorganization to DEQ - Because of the passage of SB 234, a portion of the centralized services program in DNRC was transferred to this agency. The transfer includes 11.5 FTE, general fund of \$498,313 in fiscal 1996 and \$517,540 in fiscal 1997, Major Facility Siting Act (MFSAA)/Montana Environmental Policy Act (MEPA) fees of \$22,000 in fiscal 1996 and \$16,500 in fiscal 1997, and federal indirect charges of \$91,715 in fiscal 1996 and \$64,855 in fiscal 1997.

Language

"Included in the centralized services program funding is \$38,500 of indirect funds from MFSAA/MEPA fees. If MFSAA/MEPA activities generate more than \$38,500 of indirect funds over the biennium, the additional indirect funds must be deposited in the general fund."

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DEPT OF ENVIRONMENTAL QUALITY**ENERGY DIVISION****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	36.00	(1.00)	(2.00)	33.00	(1.00)	(2.00)	33.00	33.00
Personal Services	1,105,651	202,171	(71,553)	1,236,269	208,616	(72,102)	1,242,165	2,478,434
Operating Expenses	350,366	199,003	0	549,369	177,061	0	527,427	1,076,796
Equipment	33,608	(22,616)	0	10,992	(21,616)	0	11,992	22,984
Capital Outlay	250,424	(250,424)	0	0	(250,424)	0	0	0
Grants	275,758	(125,758)	0	150,000	(125,758)	0	150,000	300,000
Debt Service	4,630	414	0	5,044	414	0	5,044	10,088
Total Costs	\$2,020,437	\$2,790	(\$71,553)	\$1,951,674	(\$11,707)	(\$72,102)	\$1,936,628	\$3,888,302
Fund Sources								
General Fund	483,647	108,493	0	592,140	108,425	0	592,072	1,184,212
State/Other Special	311,975	183,284	0	495,259	144,893	0	456,868	952,127
Federal Special	900,628	35,200	(71,553)	864,275	59,162	(72,102)	887,688	1,751,963
Expendable Trust	324,187	(324,187)	0	0	(324,187)	0	0	0
Total Funds	\$2,020,437	\$2,790	(\$71,553)	\$1,951,674	(\$11,707)	(\$72,102)	\$1,936,628	\$3,888,302

Program Description

The Energy Division consists of an administration unit and three bureaus: 1) the Facility Siting Bureau, which does research, performs environmental impact and assessment studies, and analyzes energy projects under either MFSA or MEPA; 2) the Planning and Analysis Bureau, which identifies and evaluates energy issues affecting Montana and formulates recommendations for Montana officials; and 3) the Conservation and Renewable Energy Bureau, which works to encourage energy conservation and reduce the state's dependence on fossil fuels through the promotion of competitively-priced renewable resources.

Funding

The Energy Division is supported with general fund, state special revenues, and federal funds. Elements of the Energy Division and related funding are shown in Table 6.

Table 6
Energy Division Funding

	-----Fiscal 1996-----					Total
	Administration	Planning & Analysis	Major Facility Siting	Facility Conservation	New Proposals	
General Fund	\$130,315	\$253,848	\$207,977			\$592,140
State Special Revenue						
Major Facility Siting		\$17,367	332,633			350,000
Alternative Energy				\$90,476		90,476
Lake Broadview			20,000			20,000
Miscellaneous State Special Revenue				34,783		34,783
Federal Funds						
Energy/FSD	\$10,000	27,875		882,953	(\$71,553)	849,275
Oil Overcharge Leave	—	—	—	15,000	—	15,000
Total	\$140,315	\$299,090	\$560,610	\$1,023,212	(\$71,553)	\$1,951,674
-----Fiscal 1997-----						
	Administration	Planning & Analysis	Major Facility Siting	Facility Conservation	New Proposals	Total
	\$130,670	\$254,677	\$206,725			\$592,072
State Special Revenue						
Major Facility Siting		\$17,548	\$332,452			350,000
Alternative Energy				\$71,429		71,429
Miscellaneous State Special Revenue				35,439		35,439
Federal Funds						
Energy/FSD	\$10,000	28,995		905,795	(\$72,102)	872,688
Oil Overcharge Leave	—	—	—	15,000	—	15,000
TOTAL	\$140,670	\$301,220	\$539,177	\$1,027,663	(\$72,102)	\$1,936,628

Present Law Adjustments

- 1) **Personal Services** - The legislature approved the executive proposal to increase personal services by over \$200,000 annually. The increases are due primarily to vacancies which occurred during the base year. The reduction of 1.0 FTE is due to a transfer to the Water Resources Division in DNRC prior to this program being transferred to DEQ.
- 4) **Consulting, Professional and Other Expenses** - The legislature approved increases in three basic areas: a) MFSA and MEPA activities; b) mitigation activities; and c) conservation. These amounts are \$1,070,000 lower each year than was proposed by the executive. At the request of the department, MFSA and MEPA activities were reduced by \$670,000 and Rock Creek mitigation activities were reduced by \$400,000.
- 5) **Conservation Grants** - The legislature approved an executive proposal for a \$125,758 annual decrease in conservation program grants. Grant amounts are based on the amount of federal funds the division estimates it will receive from the Department of Energy (DOE). These DOE funds are awarded to the division to be used for specific purposes. Grants of \$100,000 each year are planned for energy retrofits of schools and hospitals, while \$50,000 each year is planned for the Pacific Northwest and Alaska Regional Bioenergy Program.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$202,171	\$208,616
2 Inflation/Deflation	1,977	1,544
3 Fixed Costs	468	468
<i>Other Present Law Adjustments</i>		
4 Consulting, Professional & Other Exp.	\$182,948	\$164,344
5 Conservation Grants	(125,758)	(125,758)
6 Land Easements	(250,424)	(250,424)
7 Equipment	(22,616)	(21,116)
8 Other	14,024	10,619
Total Present Law Adjustments	\$2,790	(\$11,707)

6) **Land Easements** - As proposed by the executive, the legislature approved the elimination of land easement expenditures associated with Rock Creek mitigation activities that occurred in fiscal 1994.

7) **Equipment** - The legislature accepted the executive proposal for replacement equipment expenditures of \$10,992 in fiscal 1996 and \$11,992 in fiscal 1997, which are \$22,616 and \$21,116, respectively, lower than the base.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(2.00)		(\$71,553)	(2.00)		(\$72,102)
Totals	(2.00)		(\$71,553)	(2.00)		(\$72,102)

New Proposals

1) **Personal Services Reductions** - The legislature accepted the personal services reductions proposed by the executive. Vacancy savings will be \$19,932 in fiscal 1996 and \$20,304 in fiscal 1997, while 2.0 FTE (project evaluator and administrative support positions) and related personal services costs of \$51,621 in fiscal 1996 and \$51,798 in fiscal 1997 will be eliminated. All reductions are in federal revenue.

DEPT OF ENVIRONMENTAL QUALITY				CENTRAL MANAGEMENT PROGRAM					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	0.00	3.00	0.00	3.00	3.00	0.00	3.00	3.00	
Personal Services	0	103,640	0	103,640	104,099	0	104,099	207,739	
Operating Expenses	0	29,150	0	29,150	22,548	0	22,548	51,698	
Total Costs	\$0	\$132,790	\$0	\$132,790	\$126,647	\$0	\$126,647	\$259,437	
Fund Sources									
General Fund	0	132,790	0	132,790	126,647	0	126,647	259,437	
Total Funds	\$0	\$132,790	\$0	\$132,790	\$126,647	\$0	\$126,647	\$259,437	

Program Description

The Central Management Program provides administrative and operational support services to the Reclamation Program. Support services include fiscal affairs, data processing, personnel, legal, reception, and mail. This program was transferred to this agency as a result of SB 234.

Reorganization

As a result of the passage of SB 234, functions of the Central Management Division in the former Department of State Lands that provided support for the Reclamation Division were transferred to this agency. The remainder of the program was transferred to DNRC. All fiscal 1994 base budget expenditures are recorded in that agency.

Funding

The Central Management Program is entirely funded with general fund.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Present Law Adjustments		
1 SB234-Reorg. to DEQ (3.00 FTE, GF)	132,790	126,647
Total Present Law Adjustments	\$132,790	\$126,647

Present Law Adjustments

- 1) Senate Bill 234-Reorganization to DEQ - Due to reorganization, 3.00 FTE and \$132,790 general fund in fiscal 1996 and \$126,647 in fiscal 1997 were transferred to this agency from the former DSL.

DEPT OF ENVIRONMENTAL QUALITY				RECLAMATION PROGRAM					
Program Summary		Base Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	Total Leg. Budget
Budget Item	Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE	52.43	0.00	(1.00)	51.43	0.00	(1.00)	51.43	51.43	51.43
Personal Services	1,784,475	144,463	(85,246)	1,843,692	154,089	(85,811)	1,852,753	3,696,445	
Operating Expenses	5,031,062	853,929	0	5,884,991	154,667	0	5,185,729	11,070,720	
Equipment	85,912	21,188	11,000	118,100	20,738	5,000	111,650	229,750	
Transfers	0	20,000	0	20,000	20,000	0	20,000	40,000	
Total Costs	\$6,901,449	\$1,039,580	(\$74,246)	\$7,866,783	\$349,494	(\$80,811)	\$7,170,132	\$15,036,915	
<u>Fund Sources</u>									
General Fund	0	287,880	123,165	411,045	282,698	123,165	405,863	816,908	
State/Other Special	2,218,524	(316,595)	(166,303)	1,735,626	(1,026,660)	(168,251)	1,023,613	2,759,239	
Federal Special	4,682,925	1,068,295	(31,108)	5,720,112	1,093,456	(35,725)	5,740,656	11,460,768	
Total Funds	\$6,901,449	\$1,039,580	(\$74,246)	\$7,866,783	\$349,494	(\$80,811)	\$7,170,132	\$15,036,915	

Program Description

The Reclamation Program is responsible for the administration and enforcement of all Montana's mined land reclamation statutes and administrative rules. This responsibility involves the regulation of mining on all lands within the state, regardless of ownership, and the reclamation of active and abandoned mine sites. The program and its four bureaus administer: the Montana Strip and Underground Mine Reclamation Act; the Montana Open-Cut Mining Act; the Montana Strip and Underground Mine Siting Act; statutes regulating hard-rock mining (Montana Metal Mine Reclamation Act); and the regulatory program of the Federal Surface Mining Control and Reclamation Act.

Reorganization

As a result of the passage of SB 234, all functions of the Reclamation Division in the former Department of State Lands were transferred to this agency.

Funding

The Reclamation Division contains seven programs, funded with general fund, state special revenue, and federal funds. Table 7 details the funding of the program. Although general fund did not fund any of this division in fiscal 1994, the legislature included \$411,045 general fund in fiscal 1996 and \$405,863 in fiscal 1997 to eliminate an over appropriation of funding from RIT interest (reclamation and development account). State special revenue includes mining fees, fines, penalties, bond forfeitures, RIT funds, and EIS fees. As required by MEPA, EIS fees are collected from industries that propose major mining activities to pay independent contractors retained by the department to prepare EIS's. Federal funds are received from the U.S. Department of Interior, primarily for abandoned mine reclamation and regulation of coal mines. The ratio of state funding from RIT interest to federal funding in the Coal and Uranium Bureau is based on the type of ownership of permitted acreage. In the 1997 biennium, it is expected that the ratio of permitted acres will be 75 percent federal and 25 percent state. The Abandoned Mines Bureau is entirely federally funded through a federal tax on Montana's coal production, of which up to 50 percent is returned to the state through a grant application process.

Table 7
Reclamation Program Funding
1997 Biennium

Program	General Fund	Reclamation Development	Hardrock Fund*	Bond Forfeiture**	DSL EIS***	Federal	Total Funds
Fiscal 1996							
Administration		\$71,815					\$71,815
Opencut	69,685	181,316	15,500				266,501
Coal and Uranium		233,039					1,052,155
Abandoned Mines						4,932,104	4,932,104
Hard Rock	218,195	554,683	50,000				822,878
Environmental Analysis					695,576		695,576
Bond Forfeitures				100,000			100,000
New Proposals	123,165	(116,665)			(49,638)	(31,108)	(74,246)
Total Fiscal 1996	\$411,045	\$924,188	\$65,500	\$100,000	\$645,938	\$5,720,112	7,866,783
Fiscal 1997							
Administration		\$72,098	\$0	\$0	\$0	\$0	\$72,098
Opencut	63,296	164,729	15,500	0	0	0	243,525
Coal and Uranium		234,185	0	0	0	822,442	1,056,627
Abandoned Mines		0	0	0	0	4,953,939	4,953,939
Hard Rock	219,402	558,472	0	0	0	0	777,874
Environmental Analysis		0	0	0	146,880	0	146,880
Bond Forfeitures		0	0	0	0	0	0
New Proposals	123,165	(118,165)			(50,086)	(35,725)	(80,811)
Total Fiscal 1997	\$405,863	\$911,319	\$15,500	\$0	\$96,794	\$5,740,656	\$7,170,132
* \$50,000 biennial appropriation in Hard Rock							
** Biennial appropriation							
*** \$550,000 biennial appropriation							

Present Law Adjustments

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$144,463	\$154,089
2 Inflation/Deflation	3,665	4,481
3 Fixed Costs	39,463	39,385
<i>Other Present Law Adjustments</i>		
4 Contracted Services	\$773,453	\$73,453
5 Federal Indirect Costs	37,348	37,348
6 Equipment	21,188	20,738
7 Transfer to State Library	20,000	20,000
Total Present Law Adjustments	\$1,039,580	\$349,494

1) **Personal Services** - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, greater work hours, and pay increases for engineers, solid and hazardous waste specialists, and environmental impact specialists.

4) **Contracted Services** - The legislature approved \$5,108,513 in fiscal 1996 and \$4,408,513 in fiscal 1997 for contracted services in eight programs. In fiscal 1994, \$4,335,060 was spent. The increase differs between fiscal 1996 and 1997 because of biennial appropriations in the hard rock, bond forfeitures, and environmental analysis programs.

5) **Federal Indirect Costs** - The legislature approved the executive estimate that \$162,000 of federal grant

funds in the Coal and Uranium and Abandoned Mines bureaus would be available to fund part of Central Management costs and the statewide cost allocation plan (SWCAP), an increase over the \$124,652 spent in fiscal 1994.

6) Equipment - The legislature approved the executive equipment request for 6 replacement 4x4 utility vehicles, 19 computers, and office equipment.

7) Transfers to State Library - The legislature approved the executive request for \$20,000 of transfer authority each fiscal year (75 percent federal, 25 percent state special revenue) to fund additional core support for the Montana State Library's GIS for use by the Coal and Uranium Bureau.

New Proposals						
New Proposal	FTE	Fiscal 1996		Fiscal 1997		Total Funds
		General Fund	Total Funds	FTE	General Fund	
1 Reclamation Equipment			\$11,000			\$5,000
2 RIT Funding Switch		123,165			123,165	
3 Personal Services Reductions	(1.00)		(85,246)	(1.00)		(85,811)
Totals	(1.00)	\$123,165	(\$74,246)	(1.00)	\$123,165	(\$80,811)

New Proposals

1) Reclamation Equipment - The legislature approved the executive request for additional funds to purchase a new computer and software in the Hard Rock Bureau and a new seismograph unit in the Coal and Uranium Bureau.

2) RIT Funding Switch - Because of lesser RIT revenue than anticipated by the executive and an over appropriation of the revenue in the Executive Budget, the legislature replaced RIT appropriations with general fund to maintain appropriations within expected revenue.

3) Personal Services Reductions - The legislature approved the executive request to eliminate a 1.0 FTE civil engineer each fiscal year in the abandoned mines program. In addition, a vacancy savings rate of 68.1 percent was applied for a reduction of \$49,638 in fiscal 1996 and \$50,086 in fiscal 1997.

Language

"The department may transfer appropriation authority in item [Library Transfer] between state special revenue and federal special revenue as long as the totals are not exceeded."

Reorganization

As the result of the passage of Senate Bill 234, which reorganized natural resource agencies, this department was eliminated. The Reclamation Division and a portion of the Central Management Division were transferred to the new Department of Environmental Quality. For a description of this agency and discussion of the former Department of State Lands functions, please see the Department of Environmental Quality write-up in Section C of Volume II. The Land Administration Division, Forestry Division, and the remainder of Central Management Division were transferred to the Department of Natural Resources and Conservation. For a description of this agency and discussion of the former Department of State Lands functions, please see the Department of Natural Resources and Conservation write-up in Section C of Volume II.

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DEPARTMENT OF LIVESTOCK
Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	127.71	1.00	(2.00)	126.71	1.00	(2.00)	126.71	126.71
Personal Services	4,070,681	115,375	(160,880)	4,025,176	133,090	(162,120)	4,041,651	8,066,827
Operating Expenses	1,288,918	287,564	134,928	1,711,410	286,437	68,890	1,644,245	3,355,655
Equipment	227,508	39,841	39,270	306,619	34,374	0	261,882	568,501
Capital Outlay	20,252	(3,876)	0	16,376	(3,876)	0	16,376	32,752
Benefits and Claims	3,900	600	0	4,500	600	0	4,500	9,000
Total Costs	\$5,611,259	\$439,504	\$13,318	\$6,064,081	\$450,625	(\$93,230)	\$5,968,654	\$12,032,735
Fund Sources								
General Fund	357,963	147,041	(28,607)	476,397	149,673	(28,616)	479,020	955,417
State/Other Special	4,939,799	259,992	67,925	5,267,716	256,929	(38,614)	5,158,114	10,425,830
Federal Special	313,497	32,471	(26,000)	319,968	44,023	(26,000)	331,520	651,488
Total Funds	\$5,611,259	\$439,504	\$13,318	\$6,064,081	\$450,625	(\$93,230)	\$5,968,654	\$12,032,735

Agency Description

The Department of Livestock is responsible for controlling and eradicating animal diseases, preventing the transmission of animal disease to humans, protecting the livestock industry from theft and predatory animals, and regulating the milk industry. The department, which is provided for in section 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive secretary; the Livestock Crimestopper's Commission; and the Beef Research and Marketing Committee. The department is organized into five divisions: Animal Health, Centralized Services, Brands-Enforcement, Diagnostic Laboratory, and Meat, Milk, and Egg Inspection. House Bill 280, passed by the 1995 legislature, transferred the Milk Control Bureau from the Department of Commerce to the Department of Livestock. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

Reorganization

HB 280 transfers the Milk Control Board and the responsibilities for milk control from the Department of Commerce to the Department of Livestock, beginning in fiscal 1996.

Summary of Legislative Action

The legislature made only minor present law changes, and moved the Milk Control Bureau from the Department of Commerce to this department.

Other Legislation

The following legislation has a fiscal impact on the department.

House Bill 107 - The legislature eliminated the Montana Pork Research and Marketing Committee and repealed the Montana Pork Research and Marketing Act enacted by the 1975 legislature. Because the committee had not been active, the department's budget does not contain any appropriation authority for this activity.

House Bill 280 - The Board of Milk Control and its responsibilities for milk control were transferred from the Department of Commerce to the Department of Livestock, resulting in an increase of 5.00 FTE and \$235,452 state special revenue in fiscal 1996 and \$236,467 in fiscal 1997.

House Bill 565 - The legislation gives livestock owners the option of choosing to be taxed for property tax purposes based on the average yearly value of inventory over twelve months. If a livestock owner chooses this method, the livestock must also be taxed on an average inventory basis for the purposes of the per capita levy. The department estimates that the resulting reduction in the number of head taxed will necessitate a \$0.10 increase in the per capita tax on cattle.

Senate Bill 83 - As a result of the passage of SB 83, income received from fines levied by the Justices' Court is now deposited to the general fund, rather than to a state special revenue account, and all functions associated with this revenue are funded from the general fund. Consequently, state special revenue in the Inspection and Control program is reduced by \$20,000 each fiscal year and general fund increased by the same amounts. This funding switch has no impact on total general fund, as anticipated revenue is increased by the same amount as the increase in expenditures. In addition, the legislation requires the department to separate revenue from the per capita tax (which is protected by the constitution from diversion for other purposes) from other revenue not afforded the constitutional protection.

Senate Bill 312 - The legislature authorized the department to regulate bison that pose a threat through the transmission of contagious disease by removing or shooting bison from an infected herd that enters Montana, under a plan approved by the Governor. Bison carcasses may be donated to a charity or an Indian tribe or sold to defray department expenses. The department and the Department of Fish, Wildlife and Parks are urged to enter into a long-term management agreement with the National Park Service and are to prepare a joint report to the 55th Legislature on bison management in Montana. Although no specific appropriation authority was provided to implement this legislation, the legislature appropriated \$70,000 each fiscal year as a contingency to contract with local veterinarians in case of a disease outbreak.

Senate Bill 364 - Effective January 1, 1996, the legislature eliminated the authority of the Milk Control Board to regulate the price of milk at the wholesale, jobber and retail levels. Minimum price fixing at the producer level still remains. Although \$2,800 each fiscal year in costs to implement the legislation was identified, no additional authority was provided in HB 2.

Senate Bill 389 - The legislation clarifies the administration and regulation of game farms by the Department of Livestock and the Department of Fish, Wildlife and Parks. Game farm license and renewal fees were increased and based on the number of game farm animals. All fee revenue is for the use of the Department of Fish, Wildlife and Parks to administer its game farm responsibilities. Previously, fee revenue was evenly distributed to the Department of Livestock and the Department of Fish, Wildlife and Parks. The legislature appropriated \$66,119 in fiscal 1996 and \$42,900 in fiscal 1997 in HB 2 to fund 1.0 FTE and associated operating expenses to implement the legislation.

Executive Budget Comparison

The legislature approved larger deflation rates in fiscal 1997 for a decrease of \$4,466 below the executive present law budget. The legislature approved all of the executive new proposals and added \$66,119 in fiscal 1996 and \$42,900 in fiscal 1997 to fund 1.0 FTE and associated operating expenses associated with SB 389. Due to the de-earmarking of fine revenue by SB 83, \$20,000 of state special revenue funding was replaced with general fund. Due to the passage of HB 280, the Milk Control Bureau, consisting of 5.0 FTE and \$235,452 state special revenue in fiscal 1996 and \$236,467 in fiscal 1997, was moved to the department from the Department of Commerce.

5603 00 00000 DEPARTMENT OF LIVESTOCK								
EXECUTIVE BUDGET COMPARISON								
Agency Summary								
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	127.71	125.71	126.71	1.00	125.71	126.71	1.00	1.00
Personal Services	4,070,681	3,991,285	4,025,176	33,891	4,007,641	4,041,651	34,010	67,901
Operating Expenses	1,288,918	1,702,532	1,711,410	8,878	1,639,910	1,644,245	4,335	13,213
Equipment	227,508	283,269	306,619	23,350	261,882	261,882	0	23,350
Capital Outlay	20,252	16,376	16,376	0	16,376	16,376	0	0
Benefits and Claims	3,900	4,500	4,500	0	4,500	4,500	0	0
Total Costs	\$5,611,259	\$5,997,962	\$6,064,081	\$66,119	\$5,930,309	\$5,968,654	\$38,345	\$104,464
Fund Sources								
General Fund	357,963	456,397	476,397	20,000	459,057	479,020	19,963	39,963
State/Other Special	4,939,799	5,221,597	5,267,716	46,119	5,139,695	5,158,114	18,419	64,538
Federal Special	313,497	319,968	319,968	0	331,557	331,520	(37)	(37)
Total Funds	\$5,611,259	\$5,997,962	\$6,064,081	\$66,119	\$5,930,309	\$5,968,654	\$38,345	\$104,464

DEPARTMENT OF LIVESTOCK Program Summary		CENTRALIZED SERVICES PROGRAM							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00	10.00	
Personal Services	392,965	(6,015)	0	386,950	(4,243)	0	388,722	775,672	
Operating Expenses	180,500	66,867	0	247,367	46,091	0	226,591	473,958	
Equipment	27,255	12,305	0	39,560	4,955	0	32,210	71,770	
Total Costs	\$600,720	\$73,157	\$0	\$673,877	\$46,803	\$0	\$647,523	\$1,321,400	
Fund Sources									
General Fund	9,472	48,091	0	57,563	47,580	0	57,052	114,615	
State/Other Special	556,748	37,566	0	594,314	656	0	557,404	1,151,718	
Federal Special	34,500	(12,500)	0	22,000	(1,433)	0	33,067	55,067	
Total Funds	\$600,720	\$73,157	\$0	\$673,877	\$46,803	\$0	\$647,523	\$1,321,400	

Program Description

The Centralized Services program is responsible for the accounting, budgeting, payroll, personnel, legal services, purchasing, administrative, data processing, and general services functions of the department. The Crimestopper's Commission is administratively attached to the Board of Livestock through this division. Agency legal services are provided to the department by the staff attorney in this division.

Funding

The legislature continues the historic funding method of funding a portion of this program with general fund based on the amount of general fund in other programs. State special revenue funding is split evenly between the inspection and control account and the animal health account. The Meat and Poultry Inspection Program's accounting costs are financed with federal funds.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	(\$6,015)	(\$4,243)
2 Inflation/Deflation	1,031	1,168
3 Fixed Costs	62,393	41,480
<i>Other Present Law Adjustments</i>		
4 Maintenance Contracts	\$3,443	\$3,443
5 Equipment	12,305	4,955
Total Present Law Adjustments	\$73,157	\$46,803

Present Law Adjustments

1) **Personal Services** - The decrease is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, and greater work hours.

3) **Fixed Costs** - The increase in fixed costs is primarily due to Department of Administration computer network charges that are now budgeted exclusively in this program.

4) **Maintenance Contracts** - The legislature approved the executive request for additional funds for maintenance costs previously funded in the Disease Control, Milk and Egg, Inspection and Control, and Predator Control programs, and for some personal computers previously covered by a 3-year manufacturer warranty.

5) Equipment - The legislature approved the executive request for equipment purchases including office equipment, computers, and software. All computer equipment for the department is purchased in this program.

5603 03 00000

DEPARTMENT OF LIVESTOCK**Program Summary****DIAGNOSTIC LABORATORY PROGRAM**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	18.00	1.00	(1.00)	18.00	1.00	(1.00)	18.00	18.00
Personal Services	652,031	9,892	(20,212)	641,711	12,370	(20,279)	644,122	1,285,833
Operating Expenses	259,595	73,401	0	332,996	87,568	0	347,163	680,159
Equipment	58,477	11,408	0	69,885	7,168	0	65,645	135,530
Capital Outlay	20,252	(3,876)	0	16,376	(3,876)	0	16,376	32,752
Total Costs	\$990,355	\$90,825	(\$20,212)	\$1,060,968	\$103,230	(\$20,279)	\$1,073,306	\$2,134,274
Fund Sources								
General Fund	99,547	39,926	(2,607)	136,866	41,584	(2,616)	138,515	275,381
State/Other Special	890,808	50,899	(17,605)	924,102	61,646	(17,663)	934,791	1,858,893
Total Funds	\$990,355	\$90,825	(\$20,212)	\$1,060,968	\$103,230	(\$20,279)	\$1,073,306	\$2,134,274

Program Description

The Diagnostic Laboratory Program provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg Program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana's citizens. Laboratory testing services are done upon request to assist animal owners, veterinarians, and Department of Fish, Wildlife, and Parks' personnel in protecting the health of Montana's companion animals and wildlife.

Funding

The legislature funds this program with general fund at the same percentage used in fiscal 1994 (12.9 percent). State special revenue consists of funding from the animal health account, which receives a portion of the total per capita tax revenue in addition to inspection/testing fees and other income.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Phase-In of Previous Pgm Expansion	\$48,206	\$48,381
2 Other Personal Services	(38,314)	(36,011)
3 Inflation/Deflation	21,744	34,320
4 Fixed Costs	(5,030)	(5,030)
<i>Total Present Law Adjustments</i>	\$90,825	\$103,230

Present Law Adjustments

1 & 2) Personal Services - The phase-in of a program expansion approved by the 1993 legislature adds a grade 19 FTE beginning in fiscal 1995. Other personal services decrease due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, greater work hours, and a pay exception for a veterinarian position.

5) Laboratory Retrofit - The legislature approved the executive request for additional utilities and recharges paid to Montana State University for shared expenses at the Diagnostic Laboratory in Bozeman due to completion of the remodeling and extension of the building authorized by the 1993 legislature. Completion will add 3,355 additional square feet to the building and recharges are expected to increase 9 percent per year.

6) Laboratory Supplies - The legislature approved the executive request for additional testing due to changes in federal regulations for: a) testing cattle sera for anaplasmosis and bluetongue; b) standardization of Brucella ovis testing in sheep; and c) interstate shipment of milk.

7) Equipment - The legislature approved the executive equipment request for laboratory equipment.

5603 03 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(1.00)	(\$2,607)	(\$20,212)	(1.00)	(\$2,616)	(\$20,279)
Totals	(1.00)	(\$2,607)	(\$20,212)	(1.00)	(\$2,616)	(\$20,279)

New Proposals

1) Personal Services Reductions - The legislature approved the executive request to eliminate a 1.00 FTE unclassified grade 8 FTE for a reduction of \$20,212 (\$2,607 general fund and \$17,605 state special revenue) in fiscal 1996 and \$20,279 (\$2,616 and \$17,663) in fiscal 1997. This position is part of a budget modification approved by the 1993 legislature because of an increase in workload and has never been filled.

5603 04 00000

DEPARTMENT OF LIVESTOCK**Program Summary****DISEASE CONTROL PROGRAM**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	10.75	0.00	0.00	10.75	0.00	0.00	10.75	10.75
Personal Services	432,383	(24,432)	(51,931)	356,020	(22,556)	(52,973)	356,854	712,874
Operating Expenses	108,837	98,325	8,878	216,040	98,980	8,890	216,707	432,747
Equipment	20,306	(551)	23,350	43,105	296	0	20,602	63,707
Benefits and Claims	3,900	600	0	4,500	600	0	4,500	9,000
Total Costs	\$565,426	\$73,942	(\$19,703)	\$619,665	\$77,320	(\$44,083)	\$598,663	\$1,218,328
Fund Sources								
State/Other Special	565,426	73,942	(19,703)	619,665	77,320	(44,083)	598,663	1,218,328
Total Funds	\$565,426	\$73,942	(\$19,703)	\$619,665	\$77,320	(\$44,083)	\$598,663	\$1,218,328

Program Description

The Disease Control Program within the Animal Health Division provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the Department of Health and Environmental Sciences to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The rabies control program protects human health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks.

Funding

The Disease Control Program is funded entirely from the Animal Health state special revenue account, which receives a percent (set by the Board of Livestock) of the total per capita tax revenue, in addition to inspection/testing fees and other income.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	(\$24,432)	(\$22,556)
2 Inflation/Deflation	911	1,566
3 Fixed Costs	(5,529)	(5,529)
Other Present Law Adjustments		
4 Contracted Services	\$105,466	\$105,466
5 Equipment	(551)	296
6 Other	(1,923)	(1,923)
Total Present Law Adjustments	\$73,942	\$77,320

Present Law Adjustments

1) **Personal Services** - The decrease is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, greater work hours, and a pay exception for the state veterinarian position.

4) **Contracted Services** - The legislature approved the executive request for a total of \$108,400 state special revenue each fiscal year to contract with local veterinarians in the event a disease outbreak occurs, an increase of \$105,466 each year over fiscal 1994 expenditures. The amount funds: a) a contingency to contract with local veterinarians in case of a disease outbreak - \$70,000; and b) replacement of the 1.0 FTE veterinarian eliminated in the personal services reduction new proposal -

\$38,400.

5) Equipment - The legislature approved the executive equipment request for a replacement vehicle in each fiscal year and office equipment.

6) Other - Miscellaneous decreases to the present law represent decreases in maintenance contracts now budgeted in the Centralized Services Program.

5603 04 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 SB389 Game Farms	1.00		\$66,119	1.00		\$42,900
2 Personal Services Reductions	(1.00)		(85,822)	(1.00)		(86,983)
Totals			(\$19,703)			(\$44,083)

New Proposals

1) Senate Bill 389--Game Farms - The legislature provided funding for 1.0 FTE and associated operating expenses to implement legislation that further defines and clarifies the department's role in monitoring and regulating the movement, identification and disease control of game farm animals and in coordinating efforts with the Department of Fish, Wildlife and Parks. The legislation also specifies that both departments provide staff support to a newly created game farm advisory council.

2) Personal Services Reductions - The legislature approved the executive request to eliminate a 1.0 FTE grade 19 veterinarian totalling \$47,338 state special revenue in fiscal 1996 and \$47,510 in fiscal 1997. In addition, a vacancy savings rate of 10.7 percent was imposed for an additional reduction of \$38,484 in fiscal 1996 and \$39,473 in fiscal 1997.

Language

"Item [SB389--Game Farms] is contingent on passage and approval of Senate Bill No. 389." (SB 389 was passed and approved.)

DEPARTMENT OF LIVESTOCK Program Summary		MILK & EGG PROGRAM							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00	
Personal Services	136,621	2,407	0	139,028	3,329	0	139,950	278,978	
Operating Expenses	28,516	(849)	0	27,667	(321)	0	28,195	55,862	
Equipment	14,808	692	0	15,500	1,292	0	16,100	31,600	
Total Costs	\$179,945	\$2,250	\$0	\$182,195	\$4,300	\$0	\$184,245	\$366,440	
Fund Sources									
State/Other Special	154,945	(2,750)	0	152,195	300	0	155,245	307,440	
Federal Special	25,000	5,000	0	30,000	4,000	0	29,000	59,000	
Total Funds	\$179,945	\$2,250	\$0	\$182,195	\$4,300	\$0	\$184,245	\$366,440	

Program Description

The Milk and Egg Program within the Meat, Milk, and Egg Inspection Division ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal law are accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

Funding

The program is primarily funded with state special revenue derived from a portion of the 14.97 cents per hundred weight tax on class I milk produced and sold by a producer in Montana. Federal funding consists of funds from the U.S. Department of Agriculture to conduct shell egg surveillance work.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$2,407	\$3,329
2 Inflation/Deflation	457	985
3 Fixed Costs	(1,284)	(1,284)
Other Present Law Adjustments		
4 Equipment	\$692	\$1,292
5 Other	(22)	(22)
Total Present Law Adjustments	\$2,250	\$4,300

Present Law Adjustments

1) Personal Services - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, and greater work hours.

4) Equipment - The legislature approved the executive equipment request to replace a vehicle in each fiscal year.

DEPARTMENT OF LIVESTOCK				INSPECTION & CONTROL PROGRAM					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		63.21	0.00	0.00	63.21	0.00	0.00	63.21	63.21
Personal Services	1,893,094	21,312	0	1,914,406	29,031	0	1,922,125	3,836,531	
Operating Expenses	318,182	(28,092)	0	290,090	(27,437)	0	290,745	580,835	
Equipment	102,007	20,642	15,920	138,569	25,318	0	127,325	265,894	
Total Costs	\$2,313,283	\$13,862	\$15,920	\$2,343,065	\$26,912	\$0	\$2,340,195	\$4,683,260	
<u>Fund Sources</u>									
General Fund	0	20,000	0	20,000	20,000	0	20,000	40,000	
State/Other Special	2,313,283	(6,138)	15,920	2,323,065	6,912	0	2,320,195	4,643,260	
Total Funds	\$2,313,283	\$13,862	\$15,920	\$2,343,065	\$26,912	\$0	\$2,340,195	\$4,683,260	

Program Description

The Inspection and Control Program, as part of the Brands-Enforcement Division, is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections.

Funding

The Inspection and Control Program is primarily funded from the inspection and control state special revenue account, which receives a portion (set by the Board of Livestock) of the total per capita tax revenue in addition to inspection/testing fees, livestock license/permits, a Department of Fish, Wildlife, and Parks' grant, and other income. General fund replaces fine revenue de-earmarked as a result of the passage of SB 83.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$21,312	\$29,031
2 Inflation/Deflation	933	1,588
3 Fixed Costs	(20,570)	(20,570)
<u>Other Present Law Adjustments</u>		
4 Repairs and Maintenance	(\$8,339)	(\$8,339)
5 Equipment	20,642	25,318
6 Other	(116)	(116)
7 Senate Bill 83 (general fund)	20,000	20,000
Senate Bill 83 (state special)	(20,000)	(20,000)
Total Present Law Adjustments	\$13,862	\$26,912

Present Law Adjustments

- 1) **Personal Services** - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, and greater work hours.
- 4) **Repair and Maintenance** - The decrease occurs because repairs and maintenance are now budgeted in the Centralized Services Program.
- 5) **Equipment** - The legislature approved the executive equipment request for \$122,649 in fiscal 1996 and \$127,325 in fiscal 1997 for replacement equipment, including 6 vehicles each fiscal year, 5 light bars, 3 suits of body armor, and office equipment.

7) **Senate Bill 83 - De-earmarking of Accounts** - As a result of the passage of Senate Bill 83, income received from Justices' Court fines is now deposited to the general fund, rather than to a state special revenue account, and all functions associated with this revenue are funded from the general fund. Consequently, state special revenue is

reduced and general fund increased in the 1997 biennium. This funding switch has no impact on total general fund, as anticipated revenue is increased by the same amount as the increase in expenditures.

New Proposals					
New Proposal	Fiscal 1996			Fiscal 1997	
	FTE	General Fund	Total Funds	FTE	General Fund
1 Inspection/Control Equipment			\$15,920		
Totals			\$15,920		

New Proposals

1) Inspection/Control Equipment - The legislature approved the executive request for an additional \$15,920 in fiscal 1996 to purchase a paper shredder to shred intelligence reports from other law enforcement agents, and 16 fireproof safes to secure documents and collected fees at the 16 market and brand offices.

Language

"Because of de-earmarking by Senate Bill No. 83, [Inspection and Control Program] has been reduced by \$20,000 in state special revenue in fiscal year 1996 and by \$20,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in [Inspection and Control Program] are reduced by \$20,000 in fiscal year 1996 and by \$20,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts." (SB 83 was passed and approved.)

5603 08 00000 DEPARTMENT OF LIVESTOCK Program Summary		PREDATOR CONTROL							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	1.25	0.00	0.00	1.25	0.00	0.00	1.25	1.25	
Personal Services	14,001	36,195	(36,737)	13,459	36,376	(36,868)	13,509	26,968	
Operating Expenses	216,204	57,210	126,050	399,464	59,636	60,000	335,840	735,304	
Total Costs	\$230,205	\$93,405	\$89,313	\$412,923	\$96,012	\$23,132	\$349,349	\$762,272	
Fund Sources									
State/Other Special	230,205	93,405	89,313	412,923	96,012	23,132	349,349	762,272	
Total Funds	\$230,205	\$93,405	\$89,313	\$412,923	\$96,012	\$23,132	\$349,349	\$762,272	

Program Description

The Predator Control Program (operated by the Brands-Enforcement Division), through helicopter hunting and contracts, controls certain types of predators (mainly coyotes) that kill or injure domestic livestock. Also contained in this program is the state's administration of Section 8 of the federal Rangeland Improvement Act. The department acts as the Governor's representative and facilitator in the mediation process among federal agencies such as the U.S. Forest Service, the Bureau of Land Management, and state and private lessees. Section 8 allows for the review of lands covered by Allotment Management Plans.

Funding

The Predator Control Program is funded entirely from the inspection and control state special revenue account, which receives a portion (set by the Board of Livestock) of the total per capita tax revenue in addition to inspection/testing fees, livestock license/permits, a Department of Fish, Wildlife, and Parks' grant, and other income.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	(\$542)	(\$492)
2 Inflation/Deflation	1,676	4,102
3 Fixed Costs	11,721	11,721
Other Present Law Adjustments		
4 Pilot Personal Services	\$36,737	\$36,868
5 Contracted Services	36,254	36,254
6 Section 8	5,042	5,042
7 Other	2,517	2,517
Total Present Law Adjustments	\$93,405	\$96,012

Present Law Adjustments

1) Personal Services - The reduction in personal services is due to the helicopter pilot position being budgeted at entry level.

4) Pilot Personal Services & 5) Contracted Services - The legislature approved the executive request for \$154,000 each year in contracted services for an ADC pilot to fly the department's helicopter (funding for the pilot was eliminated in a new proposal, although the FTE remains) - \$56,000, predator control by ADC - \$42,500, predator control by counties - \$25,500, and additional aerial hunting - \$30,000.

6) Section 8 - Since the number and extent of Section 8 reviews are unknown, the legislature approved the executive request for \$10,000 as a contingency to hire experts to conduct the reviews, an increase over the \$4,958 spent in fiscal 1994.

7) Other - Other increases in operating costs are primarily due to increased hangar rent for the department's helicopter.

5603 08 00000		New Proposals			
New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Aircraft Maintenance			\$126,050		\$60,000
2 Personal Services Reductions			(36,737)		(36,868)
Totals			\$89,313		\$23,132

New Proposals

- 1) Aircraft Maintenance - The legislature approved the executive request for an overhaul of the department's helicopter used for predator control. Although routine maintenance is budgeted each year, replacement of components at specifically mandated intervals includes the long idler bell crankshaft, main rotor transmission, main rotor hub, main rotor swasplate, main rotor blades, and the turbine engine.
- 2) Personal Services Reductions - The legislature approved the executive request to remove all the funding for the helicopter pilot. However, the FTE was not eliminated.

DEPARTMENT OF LIVESTOCK Program Summary		MEAT/POULTRY INSPECTION							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	15.50	0.00	(1.00)	14.50	0.00	(1.00)	14.50	14.50	
Personal Services	395,519	65,211	(52,000)	408,730	67,252	(52,000)	410,771	819,501	
Operating Expenses	107,816	19,390	0	127,206	20,319	0	128,135	255,341	
Equipment	4,655	(4,655)	0	0	(4,655)	0	0	0	
Total Costs	\$507,990	\$79,946	(\$52,000)	\$535,936	\$82,916	(\$52,000)	\$538,906	\$1,074,842	
Fund Sources									
General Fund	248,944	39,024	(26,000)	261,968	40,509	(26,000)	263,453	525,421	
State/Other Special	5,049	951	0	6,000	951	0	6,000	12,000	
Federal Special	253,997	39,971	(26,000)	267,968	41,456	(26,000)	269,453	537,421	
Total Funds	\$507,990	\$79,946	(\$52,000)	\$535,936	\$82,916	(\$52,000)	\$538,906	\$1,074,842	

Program Description

The Meat and Poultry Inspection Program within the Meat, Milk and Egg Inspection Division was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly labeled meat and poultry products for consumers.

Funding

The Meat and Poultry Inspection Program is funded 50 percent from the federal meat/poultry inspection special revenue fund, which receives revenue from the U.S. Department of Agriculture, and 50 percent from state matching funds. The state match includes \$6,000 each year of state special revenue derived from annual meat establishment license fees established in section 81-9-201, MCA. The remaining state match is provided by general fund.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$65,211	\$67,252
2 Inflation/Deflation	1,507	2,860
3 Fixed Costs	1,081	657
<i>Other Present Law Adjustments</i>		
4 Laboratory Testing	\$4,275	\$4,275
5 Leased Vehicles	11,954	11,954
6 Other	(4,082)	(4,082)
Total Present Law Adjustments	\$79,946	\$82,916

Present Law Adjustments

- 1) **Personal Services** - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, and termination payouts.
- 4) **Laboratory Testing** - The legislature approved the executive request for additional laboratory testing services because of additional sample testing required by the federal government.
- 5) **Leased Vehicles** - The legislature approved the executive request to lease two additional vehicles.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(1.00)	(\$26,000)	(\$52,000)	(1.00)	(\$26,000)	(\$52,000)
Totals	(1.00)	(\$26,000)	(\$52,000)	(1.00)	(\$26,000)	(\$52,000)

New Proposals

- 1) Personal Services Reductions - The legislature approved the executive request to eliminate a grade 11 meat inspector for a reduction of 1.0 FTE and \$24,967 in fiscal 1996 and \$25,053 in fiscal 1997. In addition, a vacancy savings rate of 6.2 percent was imposed for a further reduction of \$27,033 in fiscal 1996 and \$26,947 in fiscal 1997. Funding is one-half federal and one-half general fund.

5603 37 00000

DEPARTMENT OF LIVESTOCK**Program Summary****MILK CONTROL BUREAU**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	154,067	10,805	0	164,872	11,531	0	165,598	330,470
Operating Expenses	69,268	1,312	0	70,580	1,601	0	70,869	141,449
Total Costs	\$223,335	\$12,117	\$0	\$235,452	\$13,132	\$0	\$236,467	\$471,919
Fund Sources								
State/Other Special	223,335	12,117	0	235,452	13,132	0	236,467	471,919
Total Funds	\$223,335	\$12,117	\$0	\$235,452	\$13,132	\$0	\$236,467	\$471,919

Program Description

The Milk Control Bureau is responsible for supervising, regulating, and controlling the milk industry of the state. All matters pertaining to production, processing, storage, distribution, and sale of milk are investigated. The program ensures compliance with state laws through minimum producer pricing, fair trade rules, extension of credit, and by enforcing financing prohibitions of the law. It also collects the milk tax used to support regulatory and testing functions in the department. HB 280 moved the program to the department from the Department of Commerce.

Reorganization

House Bill 280 transfers the Milk Control Board and the responsibilities for milk control from the Department of Commerce to the Department of Livestock beginning in fiscal 1996.

Funding

The Milk Control Bureau is funded from revenue obtained from assessments on Montana milk products.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$9,705	\$10,431
2 Inflation/Deflation	1,566	2,150
3 Fixed Costs	1,129	776
<i>Other Present Law Adjustments</i>		
4 Other	(\$283)	(\$225)
Total Present Law Adjustments	\$12,117	\$13,132

Present Law Adjustments

1) **Personal Services** - The increase is primarily due to vacancy savings and pay increases authorized by the 1993 legislature. Legislative action, prior to the passage of HB 280, reflects a transfer of a 1.0 FTE grade 12 auditor from this program in fiscal 1994 to establish a 1.0 FTE regional development officer in the Economic Development Division of the Department of Commerce. The auditor position was vacant all of fiscal 1994.

DEPT NAT RESOURCE/CONSERVATION

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	508.26	(30.21)	6.08	484.13	(30.21)	0.00	478.05	478.05	
Personal Services	15,421,599	422,551	(190,286)	15,653,864	493,980	(404,172)	15,511,407	31,165,271	
Operating Expenses	4,930,151	1,034,070	513,788	6,478,009	917,248	380,323	6,227,722	12,705,731	
Equipment	827,889	350,935	63,137	1,241,961	102,503	9,972	940,364	2,182,325	
Capital Outlay	2,994	2,006	0	5,000	2,006	0	5,000	10,000	
Local Assistance	105,000	20,000	0	125,000	20,000	0	125,000	250,000	
Grants	521,929	257,816	0	779,745	255,207	0	777,136	1,556,881	
Transfers	123,323	188,677	25,500	337,500	188,677	91,136	403,136	740,636	
Debt Service	18,275	(156)	460,000	478,119	(156)	0	18,119	496,238	
Total Costs	\$21,951,160	\$2,275,899	\$872,139	\$25,099,198	\$1,979,465	\$77,259	\$24,007,884	\$49,107,082	
Fund Sources									
General Fund	10,764,842	1,895,378	319,564	12,979,784	1,775,425	252,109	12,792,376	25,772,160	
State/Other Special	9,653,502	602,741	433,838	10,690,081	556,696	(295,481)	9,914,717	20,604,798	
Federal Special	1,173,625	136,971	118,737	1,429,333	6,535	120,631	1,300,791	2,730,124	
Proprietary	359,191	(359,191)	0	0	(359,191)	0	0	0	
Total Funds	\$21,951,160	\$2,275,899	\$872,139	\$25,099,198	\$1,979,465	\$77,259	\$24,007,884	\$49,107,082	

Agency Description

The Department of Natural Resources and Conservation (DNRC), provided for in section 2-15-3301, MCA, is responsible for ensuring management, development, conservation, and use of some of Montana's natural resources in a manner consistent with environmental quality.

The duties of the department were significantly altered by the passage and approval of Senate Bill 234 during the 1995 legislative session. SB 234 effected a reorganization of environmental and natural resource agencies and impacted the department by: 1) transferring the Energy Division and certain central administrative functions to the new Department of Environmental Quality; and 2) adding the Land Administration Division, Forestry Division, and certain administrative functions from the former Department of State Lands.

The department works to sustain and improve benefits derived from water, soil, and rangeland; to manage or assist in the management of several grant and loan programs including the renewable resource, reclamation and development, treasure state endowment, and wastewater revolving fund programs; to regulate oil and gas exploration, drilling, and production; to manage the lands held by the state in trust for the support of the common schools and other institutions; to conduct fire prevention and suppression on certain private, state, and federal lands; and to regulate and assist private forest land owners. The State Board of Land Commissioners, comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State, exercises the general authority, direction, and control over the care, management, and disposition of state lands under its administration. The director is the chief administrative officer of the board.

Reorganization

The duties of this agency were significantly revised as the result of SB 234, which reorganized three environmental and natural resource agencies. The department retained certain existing functions, transferred some functions to the new Department of Environmental Quality, and received others that previously were the responsibility of the former Department of State Lands. Table 1 shows the functions that remained in or were transferred to this agency.

Table 1
Agencies and Programs Combined into
the Department of Natural Resources and Conservation
1997 Biennium

Agency/Program	FTE	General Fund	State Revenues	Federal Funds	Total
DEPARTMENT OF NATURAL RESOURCES & CONSERVATION - FUNCTIONS RETAINED					
Centralized Services *	22.00	\$1,440,041	\$1,011,685	\$34,640	\$2,486,366
Oil and Gas Regulation	18.00		2,118,566		2,118,566
Cons and Resource Development	18.50	226,046	2,519,832	144,800	2,890,678
Water Resources	112.50	5,862,315	4,783,900	105,496	10,751,711
Compact Commission	11.00	436,468	568,941		1,005,409
Sub-Total DNRC	182.00	\$7,964,870	\$11,002,924	\$284,936	\$19,252,730
DEPARTMENT OF STATE LANDS					
Central Management * +	20.00	\$3,101,098	\$263,176	\$240,000	\$3,604,274
Land Administration	30.50	\$1,918,525	\$1,107,452	\$200,000	\$3,225,977
Forestry	245.55	12,787,667	8,231,246	2,005,188	23,024,101
Sub-Total DSL	296.05	\$17,807,290	\$9,601,874	\$2,445,188	\$29,854,352
TOTAL DEPARTMENT OF NATURAL RESOURCES & CONSERVATION	478.05	\$25,772,160	\$20,604,798	\$2,730,124	\$49,107,082

* Portions of these programs were transferred to the new Department of Environmental Quality.

+ HB 576 removed 5.80 FTE and proprietary funds authority of \$504,902 in fiscal 1996 and \$575,329 in fiscal 1997.

RIT Funding

DNRC expends funds from Resource Indemnity Trust (RIT) interest and proceeds from related extraction taxes deposited in two state special revenue accounts: 1) the renewable resource grant and loan program (RRGL) account; and 2) the reclamation and development grants (RDG) account. (Other agencies receive funds from these accounts as well.)

Table 2 shows revenue projections and agency appropriations for the RIT accounts in the 1997 biennium. Revenues available for agency operations in these two accounts are significantly lower for the 1997 biennium than previous biennia for several reasons: 1) RIT interest earnings projections are lower due to lower interest rates; 2) RIT interest earnings available for agency operations are reduced because funds statutorily allocated for grants increase by more than 55 percent, or \$1,775,000; and 3) various natural resource extraction tax proceeds are lower due to reduced production resulting from lower prices and other factors.

TABLE 2
RIGWAT AND OIL AND GAS TAX PROCEEDS, RIT TRUST INTEREST EARNINGS, AND EXPENDITURES

RIGWAT PROCEEDS PROJECTIONS	Total RIGWAT and Oil & Gas Tax Proceeds	RIGWAT and Oil & Gas Tax Proceeds to Trust	Metal Mine Tax Proceeds to Trust	Total Deposits to RIT Trust	Forecast Trust Balance
FY 95	\$2,979,674	1,665,638	\$684,280	2,349,918	\$91,663,530
FY 96	3,777,004	1,732,821		1,732,821	93,396,350
FY 97	3,063,203	1,405,863		1,405,863	94,802,214
RIT TRUST INTEREST EARNINGS PROJECTIONS *	FY96	FY97		TOTAL	
	7,683,976	7,698,682		15,382,658	

TOTAL 1997 BIENNIAL ALLOCATION OF RIT INTEREST EARNINGS	\$15,382,658
Environmental Contingency Account	\$175,000
Oil & Gas Production Damage Mitigation Account	50,000
Renewable Resource Grant & Loan Program	2,000,000
Reclamation & Development Grants	3,000,000
Water Storage Account	500,000
TOTAL BIENNIAL APPROPRIATIONS	\$5,725,000
AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION	\$9,657,658

Distribution of Remaining Interest Earnings

Account	Renewable Resource	Reclamation & Development	Hazardous Waste/ CERCLA	Environmental Quality Protection	TOTAL
Percent Distribution of RIT Interest	36%	40%	18%	6%	100%
Beginning Balance	\$673,742	\$0	\$968,414	\$1,300,000	\$2,942,156
Revenues					
RIT Interest	\$3,476,757	\$3,863,063	\$1,738,378	\$579,459	\$9,657,658
RIGWAT and Oil & Gas Tax Proceeds	684,121	2,052,362			\$2,736,483
Grants not Funded	239,000				239,000
Metal Mines Tax Proceeds		525,160			525,160
Debt Service Sweep (04011 and 04008)	919,444				919,444
RRD Loan Repayments	238,900				238,900
Interest (STIP)		80,000			80,000
Cost Recoveries			688,818		688,818
Administrative Fees	10,000				10,000
State Owned Project Revenue	919,290				919,290
Total Funds Available	\$7,161,254	\$6,440,585	\$2,788,792	\$2,568,275	\$18,956,907
Appropriations					
Montana State University, Northern (Statutory)	480,000				480,000
DNRC Centralized Services Division	633,043	154,001			787,044
DNRC (DSL prior to SB 234) Central Management		78,085			78,085
DNRC Conservation and Resource Development	1,288,981	976,958			2,265,939
DNRC Water Resources Division	1,048,611	1,997,129			3,045,740
DNRC Reserved Water Rights Compact Commission	34,742	534,199			568,941
DNRC State Water Projects	2,190,000				2,190,000
DEQ (DSL prior to SB 234) Reclamation Division		1,835,507			1,835,507
DEQ (DHES prior to SB 234) Air Quality Division Radon		50,000			50,000
DEQ (DHES prior to SB 234) Remediation Division			236,971	1,976,174	2,213,145
DEO (DHES prior to SB 234) Water Quality Division			1,393,165		1,393,185
DEQ (DHES prior to SB 234) Waste Management Division			1,164,575		1,164,575
Governor's Office -- Flathead Basin Commission	80,082				80,082
Water Court	1,038,389				1,038,389
State Library	322,007	285,036			607,043
Environmental Quality Council Pay Plan		28,083			28,083
	67,488	223,083	39,587	7,556	337,714
Total Appropriations	\$7,183,343	\$6,162,081	\$2,834,298	\$1,983,730	\$18,163,452
Projected Biennium Ending Balance	(\$22,089)	\$278,504	(\$47,506)	\$584,545	

* INTEREST IMPACTS DUE TO QUARTERLY COLLECTIONS OF OIL AND GAS TAX PROCEEDS ARE NOT FULLY REFLECTED. QUARTERLY COMPOUNDING OF INTEREST WILL CAUSE SLIGHTLY HIGHER EARNINGS PROJECTIONS THAN THOSE LISTED, BUT THE INCREASE IS NOT CONSIDERED TO BE SIGNIFICANT.

Consequently, the legislature faced a shortfall in both accounts in the 1997 biennium, if current operations were to be maintained. The legislature examined the RRGL account and RDG account funding shortfalls on a combined basis due to the similar funding sources and agency uses and DNRC's ability to shift appropriations between the two accounts. HB 2 includes approximately \$4.3 million in present law and new proposal funding shifts from RRGL and RDG funds to general fund to alleviate the funding shortage. The legislature also reduced RRGL grant authorizations in HB 6 by \$239,000 for the same purpose. Three bills passed during the session reduced interest earnings by eliminating metal mines tax deposits to the RIT. One of those bills allocates a portion of metal mines tax proceeds to the RDG account, but offsets half of that by increasing a statutory appropriation to Montana State University-Northern. Another bill to consolidate oil and gas taxes causes a one time revenue boost to the RIT, the RRGL, and the RDG, which averts an over-appropriation of combined RRGL and RDG funds. See "Other Legislation" for this agency and "Resource Indemnity Trust Fund" in the Revenue section for further detail.

The "Hazardous Waste" and "Environmental Quality Protection" account proceeds are earmarked for various hazardous waste and environmental response/remediation activities. These funds are expended by programs in the former Department of Health and Environmental Sciences (now in the Department of Environmental Quality). As shown, current appropriations exceed anticipated revenues.

Summary of Legislative Action

Operating expenses adjustments represent most of the budget increase in DNRC. Fully funding the statutory requirement that the state pay counties in lieu of taxes on state land where state land exceeds 6 percent of the total acreage increases general fund by \$463,188 over the 1997 biennium. State special revenue authority increases by \$300,000 for environmental impact statements associated with exchanges of trust lands. Resolution of the Crow Tribe boundary dispute results in the availability of \$200,000 of federal funds for exchanging state trust lands now within the reservation for other public lands. The legislature authorized \$450,000 of state special revenues for operation of an oil and gas underground injection control program in the event EPA delegates primacy to DNRC. Contracted services for forest improvements were increased by \$858,080. Implementation of legislation increasing departmental duties resulted in a biennial increase of 13.00 FTE and \$1,228,896 state special revenue. Because of the savings due to passage of SB 234 (natural resource agencies reorganization), the Forestry Division was reduced 9.08 FTE and \$300,392 in fiscal 1997. These reductions are to be allocated between DNRC and the Department of Environmental Quality. Additional FTE reductions from the base are primarily due to other reorganization adjustments.

Funding the full amount of aviation fixed costs with general fund resulted in a biennial increase of \$377,354. Present law and new proposal funding switches from RIT state special revenues to general fund totalled more than \$3.5 million for DNRC. Proprietary funding for the aviation operations function was moved off budget by HB 576, resulting in a biennial reduction of 5.80 FTE and \$1,080,231.

Other Legislation

House Bill 5 - This legislation authorizes the expenditure of cash funds for capital projects during the biennium. The department was appropriated funds for two office facility projects and renovations and improvements at two dams: 1) \$336,000 for statewide maintenance and improvements at former DSL office facilities; 2) \$300,000 for construction or purchase of a unit office in Plains (former DSL); 3) \$1.1 million of state special funds for the Petrolia Dam; and 4) \$3.5 million of state special revenues and \$31.9 million of federal funds for the Tongue River Dam. The appropriation for the Petrolia Dam project is contingent upon the successful transfer of all property rights and liabilities to the Petrolia Water Users' Association. The Petrolia Water Users' Association will also be required to assume a \$358,000 loan authorized in HB 8, the renewable resource loan program bill. The Tongue River Dam project will involve substantial construction efforts with an expected completion date sometime in the 1999 biennium.

House Bill 6 - The legislature appropriated slightly over \$1.9 million of Resource Indemnity Trust (RIT) interest to the department for renewable resource grants. Of the total, \$100,000 is for grants to private persons, \$125,000 is for

emergency projects, and the remainder is available for grants to state agencies (including DNRC), political subdivisions, and local government entities. See the Long Range Planning Section in Volume II for a list of the specific projects funded in HB 6.

House Bill 7 - The legislature appropriated slightly over \$3.0 million of RIT interest to the department for reclamation and development grants to various state agencies (including DNRC), political subdivisions, and local government entities. A complete list of all funded projects is included in the Long Range Planning Section in Volume II.

House Bill 8 - This legislation represents authority for the loan portion of the renewable resource grant and loan program. The issuance of over \$24.7 million was authorized for the following: 1) \$2.0 million for new loans; 2) \$18.5 million to re-authorize loans approved during the 1993 session; 3) \$2.0 million to fund projects in HB 6 if grant funds are not sufficient; and 4) \$2.2 million to establish a reserve for the bonds. As with the grants, a complete list of all loan projects is included in the Long Range Planning Section in Volume II.

House Bill 18 - The legislature increased the general fund statutory appropriation to the Office of the Governor for an emergency due to fire from \$3.0 million to \$10.0 million. The authority is reinstated if money that was spent is recovered. In the 1995 biennium, the entire \$3.0 million was spent by the department in suppressing wildfires.

House Bill 50 - The legislature replaced HB 652 (1993 Legislature), which terminates June 30, 1995, with similar legislation that diverts timber sale revenue from the school equalization aid account, common school trust, and other land trust beneficiaries to the state timber sale account. The amount diverted is equal to the amount appropriated from the account by the legislature for timber sale preparation and documentation. In HB 2 the legislature appropriated \$313,094 in fiscal 1996 and \$313,572 in fiscal 1997 to fund 6.0 FTE and associated expenses for these purposes.

House Bill 201 - The legislation requires the department to commission a study to determine the annual sustainable yield on forested state lands. Until the study is completed, the annual sustainable yield is to be a range of 45 million board feet to 55 million board feet. The annual sustainable yield must be the annual timber sale requirement of the state timber sale program. In addition, the legislation caps the amount of timber sale revenue deposited to the school equalization aid account (due to the passage of SB 83, these funds will be deposited to the general fund), common school trust, and other land trust beneficiaries at the average sale value of 18 million board feet. The remainder of timber sale revenue is diverted to the school equalization aid account (general fund) to be used for deposit in school districts' newly established technology acquisition funds to buy technological equipment and provide technical training for school district personnel. Because the current annual harvest level of 32 million board feet is less than the annual sustainable yield level required by the legislation, the legislature appropriated an additional \$532,368 state special revenue in fiscal 1996 to fund 9.0 FTE and \$545,076 in fiscal 1997 to fund 12.0 FTE in HB 2 to meet the requirement. In addition, \$30,000 state special revenue was appropriated in fiscal 1996 for the annual sustainable yield study. The appropriations divert money from the school equalization aid account (general fund), common school trust, and other land trust beneficiaries.

House Bill 395 - The legislature clarified that the cooperative agreements between state agencies and weed management districts must include integrated provisions for noxious weed management on state-owned land within the district. The 6-year integrated noxious weed management plan is to be updated biennially, the board is required to submit a biennial performance report to the state weed coordinator in the Department of Agriculture, and applicable state agencies are required to submit a summary of all noxious weed actions to the state weed coordinator. The legislation appropriates \$54,046 in fiscal 1996 to the former Department of State Lands (now DNRC) from the resource development state special revenue account to develop the integrated noxious weed management plan. In addition, \$18,865 is appropriated in fiscal 1996 to the Department of Agriculture from the noxious weed management state special revenue account to grant to the Department of Natural Resources and Conservation for its development of the integrated noxious weed management plan. The grant must meet grant criteria set by the Department of Agriculture and the noxious weed management advisory council. Although costs of \$18,916 fiscal 1997 to fund 0.5

FTE in the Department of Natural Resources and Conservation and costs of \$54,147 to fund 1.0 FTE in fiscal 1997 in the former Department of State Lands were also identified, no appropriation authority was provided to the department.

House Bill 418 - This legislation increases the maximum charge for the privilege and license tax from 0.02 percent to 0.03 percent of the market value of oil and gas produced. The Board of Oil and Gas is authorized to charge up to the maximum rate, but can adjust the rate downward (or upward to the maximum) if warranted by the fund balance. The privilege and license tax is the main funding source for the department's oil and gas regulation program. Coordinating instructions were included in HB 418 to remove conflicts with SB 412, which simplifies the taxation of oil and gas production.

House Bill 569 - This legislation diverts to the reclamation and development account 4.8 percent (approximately \$525,000 for the biennium) of total metal mines tax proceeds previously deposited to the RIT, and doubles to \$480,000 the statutory appropriation to Montana State University-Northern from the renewable resource account. SB 46 and SB 382 divert for other purposes the remaining 10.7 percent of metal mines tax proceeds that were previously deposited to the trust. The long term impacts on DNRC and other agencies funded with these two state special revenue accounts are that revenues are lower from RIT interest earnings because deposits are reduced, statutory appropriations from the renewable resource account are increased by \$240,000 each biennium, and metal mines tax proceeds are now deposited directly to the reclamation and development account, increasing the amount of revenue in that account.

Senate Bill 83 - As a result of the passage of Senate Bill 83, functions previously funded by the state lands recreational use access account through a statutory appropriation are funded in HB 2. Consequently, state special revenue is increased by \$60,614 in fiscal 1996 and \$60,838 in fiscal 1997 to fund 1.0 FTE and associated operating expenses.

DEPT NAT RESOURCE/CONSERVATION				EXECUTIVE BUDGET COMPARISON					
Agency Summary		Base Budget	Executive Budget	Legislative Budget	Leg. - Exec. Difference	Executive Budget	Legislative Budget	Leg. - Exec. Difference	Biennium Difference
Budget Item		Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE		508.26	496.43	484.13	(12.30)	496.43	478.05	(18.38)	(18.38)
Personal Services	15,421,599	16,200,394	15,653,864	(546,530)	16,270,625	15,511,407	(759,218)	(1,305,748)	
Operating Expenses	4,930,151	7,186,995	6,478,009	(708,986)	6,939,632	6,227,722	(711,910)	(1,420,896)	
Equipment	827,889	1,322,961	1,241,961	(81,000)	940,364	940,364	0	(81,000)	
Capital Outlay	2,994	5,000	5,000	0	5,000	5,000	0	0	
Local Assistance	105,000	125,000	125,000	0	125,000	125,000	0	0	
Grants	521,929	548,151	779,745	231,594	545,542	777,136	231,594	463,188	
Transfers	123,323	480,000	337,500	(142,500)	357,500	403,136	45,636	(96,864)	
Debt Service	18,275	478,119	478,119	0	18,119	18,119	0	0	
Total Costs	\$21,951,160	\$26,346,620	\$25,099,198	(\$1,247,422)	\$25,201,782	\$24,007,884	(\$1,193,898)	(\$2,441,320)	
Fund Sources									
General Fund	10,764,842	13,040,802	12,979,784	(61,018)	12,733,451	12,792,376	58,925	(2,093)	
State/Other Special	9,653,502	10,978,802	10,690,081	(288,721)	10,425,782	9,914,717	(511,065)	(799,786)	
Federal Special	1,173,625	1,621,363	1,429,333	(192,030)	1,449,835	1,300,791	(149,044)	(341,074)	
Proprietary	359,191	705,653	0	(705,653)	592,714	0	(592,714)	(1,298,367)	
Total Funds	\$21,951,160	\$26,346,620	\$25,099,198	(\$1,247,422)	\$25,201,782	\$24,007,884	(\$1,193,898)	(\$2,441,320)	

Executive Budget Comparison

The legislature reduced present law funding for: 1) the trust land marketing system by \$14,256 each fiscal year; 2) forest improvement contracts by \$400,000 state special revenue each fiscal year; 3) logging slash contracts by \$29,000 general fund each fiscal year; 4) forestry equipment by \$15,000 in fiscal 1996; 5) the Other Services program by \$13,489 general fund each fiscal year; 6) the Water Resources Division by \$14,670 each year for water rights consulting and by \$9,750 each year for water rights computer processing; and 7) miscellaneous reductions of \$26,713 in fiscal 1996 and \$50,836 in fiscal 1997. At the request of the executive, \$100,000 of federal funds each fiscal year was approved to facilitate state land exchanges with the Crow Tribe. An additional \$231,594 general fund each fiscal year was approved to fully fund the statutorily required amount for state land equalization payments. Due to elimination of the statutory appropriation to spend recreational use permit revenue in SB 83, the legislature appropriated \$60,614 in fiscal 1996 and \$60,838 to fund 1.0 FTE and associated operating expenses. Approval of HB 576 resulted in 5.8 FTE and \$705,653 in fiscal 1996 and \$592,714 in fiscal 1997 requested in the Executive Budget becoming non-budgeted expenses. The natural resources reorganization (SB 234) resulted in 14.5 FTE and \$1.5 million being transferred to DEQ for management and other central administrative duties.

The legislature changed four executive new proposals: 1) aircraft maintenance in the Central Management Division - \$285,000 decrease in fiscal 1996 and \$91,272 increase in fiscal 1997; 2) aviation support in Forestry - \$66,000 decrease in fiscal 1996; 3) personal services reductions in Oil and Gas - decreases of 1.0 FTE, \$56,336 in fiscal 1996, and \$56,541 in fiscal 1997; and 4) personal services reductions in Water Resources - increases of \$68,342 in fiscal 1996 and \$68,517 in fiscal 1997. One executive new proposal for 1.0 FTE and \$45,000 each year to support a drinking water revolving fund in the Conservation and Resource Development Division was denied. The legislature approved two of its own new proposals by: 1) adding 9.0 FTE and \$562,368 in fiscal 1996 and 12.0 FTE and \$545,076 in fiscal 1997 to provide funding contingent on passage of HB 201 (additional timber sales) in the Forestry Division; and 2) reducing 9.08 FTE and \$85,258 general fund and \$215,134 state special revenue in fiscal 1997 in the Forestry Division due to the reorganization of the environmental and natural resource agencies in SB 234.

At the request of the executive, the legislature approved two funding switches in the Forestry Division that increased general fund by \$158,372 in fiscal 1996 and \$158,141 in fiscal 1997 and decreased state and federal special revenue by like amounts. The legislature approved its own funding switches in this agency and the Department of Environmental Quality that increased general fund by \$1.5 million (\$1,253,670 in DNRC) over the biennium and decreased RIT state special revenues by like amounts.

DEPT NAT RESOURCE/CONSERVATION				CENTRAL MANAGEMENT PROGRAM					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		30.26	(10.26)	0.00	20.00	(10.26)	0.00	20.00	20.00
Personal Services	1,059,164	(332,258)	0	726,906	(328,331)	0	730,833	1,457,739	
Operating Expenses	481,916	(254,544)	0	227,372	(296,577)	0	185,339	412,711	
Equipment	6,410	(6,410)	0	0	(6,410)	0	0	0	
Grants	265,000	231,594	0	496,594	231,594	0	496,594	993,188	
Transfers	123,323	188,677	25,500	337,500	188,677	91,136	403,136	740,636	
Total Costs	\$1,935,813	(\$172,941)	\$25,500	\$1,788,372	(\$211,047)	\$91,136	\$1,815,902	\$3,604,274	
<u>Fund Sources</u>									
General Fund	1,332,291	177,398	25,500	1,535,189	142,482	91,136	1,565,909	3,101,098	
State/Other Special	123,788	9,395	0	133,183	6,205	0	129,993	263,176	
Federal Special	120,543	(543)	0	120,000	(543)	0	120,000	240,000	
Proprietary	359,191	(359,191)	0	0	(359,191)	0	0	0	
Total Funds	\$1,935,813	(\$172,941)	\$25,500	\$1,788,372	(\$211,047)	\$91,136	\$1,815,902	\$3,604,274	

Program Description

The Central Management Program provides administrative and operational support services to all but the reclamation program within the former Department of State Lands. Support services include fiscal affairs, data processing, personnel, legal, reception, mail, and aviation. Responsibilities include trust revenue collection and distribution; oil, gas, and coal royalty audits; and maintenance of ownership records for trust and non-trust state-owned land. This program was transferred to this agency as a result of Senate Bill 234.

Reorganization

As the result of the passage of SB 234, all functions of the Central Management Program in the former Department of State Lands, with the exception of functions that provided support for the Reclamation Program (which was transferred to the Department of Environmental Quality (DEQ)), were transferred to this agency. Transfers to DEQ include 3.0 FTE and \$259,437 of general fund over the biennium.

Funding

The Central Management Program is funded with general fund, reclamation and development funds, resource development funds, and federal indirect grant reimbursements.

General fund, as a part of the funding for the Air Operations Bureau, is transferred to and spent from the bureau's proprietary fund account as required by GAAP and recommended by the Legislative Auditor. Transfers total \$312,000 each year. General fund also pays \$496,594 each year for payments of foregone property tax revenue to 20 counties where state land is in excess of 6 percent of the county. The balance of the general fund provides administrative support for other agency programs. State special revenue consists of two components. The reclamation and development fund, which receives RITT interest, totals \$38,944 in fiscal 1996 and \$39,141 in fiscal 1997. The resource development fund, which receives 2.5 percent of the interest and income generated by the public school trust (except timber sale revenue) finances: 1) the state trust land marketing system; 2) one-half of the yearly travel costs of the oil and gas royalty auditor; and 3) a portion of the travel expenses for the fiscal specialist in the Land Administration Division, which performs royalty audit duties. These funds no longer support 1.0 FTE and expenses for a royalty auditor in the Department of Revenue. Federal revenue consists of federal indirect grant reimbursements.

Historically, the aviation program's variable costs, such as fuel and maintenance, are financed from the proprietary fund, while its fixed costs are paid with general fund. Each year the program develops an hourly rate to charge users of the department's aircraft, and revenue from this charge is deposited to the proprietary account. General fund support of the program is also deposited in the account and is budgeted as a transfer expenditure. The proprietary funds are no longer budgeted as the result of the passage of House Bill 576.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$46,205	\$50,972
2 Inflation/Deflation	(317)	(1,173)
3 Fixed Costs	(45,172)	(92,549)
<i>Other Present Law Adjustments</i>		
4 Nov. 1993 SS Reduction (1.50 FTE)	(\$47,621)	(\$47,621)
5 Phase-in & Transfer of Helicopter PS	7,106	7,092
6 Increased Flight Hours	33,140	33,140
7 Previous Helicopter Modification	58,560	58,560
8 Equipment	(6,410)	(6,410)
9 GF Transfer to Proprietary Account	188,677	188,677
10 State Lands Equal. Payments (GF)	231,594	231,594
11 Other	1,819	6,098
12 HB576-Removal of Proprietary Funds	(507,732)	(512,780)
13 SB234-Reorg. to DEQ (-3.00 FTE, GF)	(132,790)	(126,647)
Total Present Law Adjustments	(\$172,941)	(\$211,047)

Present Law Adjustments

- 1) **Personal Services** - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, and termination payouts.
- 3) **Fixed Costs** - Fixed costs in this program decrease because fixed costs have been allocated to other programs, rather than centralized in this program, for a net general fund savings.
- 4) **November 1993 Special Session Reduction** - The legislature made permanent the elimination of 1.50 FTE in fiscal 1995 made in the November 1993 Special Session, for a general fund savings of \$47,621 each year.
- 5) **Phase-in & Transfer of Helicopter Personal Services** - The legislature continued the additional 0.59 FTE in fiscal 1995 authorized by the 1993 legislature to phase-in a budget modification for the development and operation of two federal surplus helicopters, and approved the executive transfer of

0.55 FTE of the increase to the Forestry Division for a net increase in this program.

- 6) **Increased Flight Hours** - Based on the executive estimate that more hours would be flown in the 1997 biennium, the legislature approved the executive request for an additional \$10,447 in maintenance each fiscal year and approved an increase of \$22,693 for additional fuel each fiscal year to maintain funding for fuel at the seven-year average.
- 7) **Previous Helicopter Modification** - The legislature accepted the 1993 legislature's action to base the 1997 biennium budget for an approved one-time budget modification to retrofit two additional helicopters at the fiscal 1995 appropriated level. The legislature approved the executive request to transfer \$20,103 general fund and \$9,224 state special revenue of the fiscal 1995 appropriated amount to the Forestry Program, for a net increase of \$58,560 each year of proprietary funds in this program. Appropriations for these increases were removed due to HB 576 (see number 12 below).
- 8) **Equipment** - The executive requested no equipment purchases for this program.
- 9) **General Fund Transfers to the Proprietary Account** - The legislature approved the executive request to fully fund aviation fixed costs with general fund for an increase of \$188,677 each year. These funds are budgeted as a transfer expenditure and deposited in the proprietary account. Appropriations from the proprietary account were removed due to HB 576 (see number 12 below).

10) State Lands Equalization Payments - The legislature increased the \$265,000 general fund spent in fiscal 1994 for state land equalization payments by \$231,594 general fund each year to the level necessary to fund the \$496,594 required by statutory formula.

12) HB 576-Removal of Proprietary Funds - Proprietary funding for the air operations internal service fund (and 5.80 FTE) was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The air operations internal service fund receives revenue from a per-hour charge to all the department's programs for use of department aircraft. In action prior to passage of HB 576, the legislature had appropriated \$504,902 in fiscal 1996 and \$575,329 in fiscal 1997, including 5.80 FTE. In establishing this level, the legislature maintained the fiscal 1994 FTE, increased the present law operating expenses level by \$58,560 each fiscal year, and funded new proposals for a \$2,830 reduction in fiscal 1996 and an increase of \$62,549 in fiscal 1997 for additional aircraft maintenance and part of the pay plan increase contained in HB 17.

13) SB 234-Reorganization to DEQ - Because of the passage of SB 234, a portion of the central management program in the former Department of State Lands was moved to the newly created Department of Environmental Quality, for a decrease of 3.00 FTE and \$132,789 general fund in fiscal 1996 and \$126,647 in fiscal 1997.

5706 01 00000		New Proposals			
New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Aircraft Maintenance		\$25,500	\$25,500		\$91,136
Totals		\$25,500	\$25,500		\$91,136

New Proposals

1) Aircraft Maintenance - The legislature approved an additional \$25,500 general fund in fiscal 1996 and \$91,136 in fiscal 1997 for major periodic maintenance of the department's five aircraft as required to meet FAA requirements. The general fund is transferred to the proprietary account from which expenditures occur. Proprietary funds were taken off budget by HB 576.

DEPT NAT RESOURCE/CONSERVATION				LAND ADMINISTRATION PROGRAM					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	31.00	0.50	(1.00)	30.50	0.50	(1.00)	30.50	30.50	
Personal Services	975,763	37,044	(65,033)	947,774	41,577	(65,415)	951,925	1,899,699	
Operating Expenses	235,702	318,186	0	553,888	320,338	0	556,040	1,109,928	
Equipment	25,889	84,911	0	110,800	69,661	0	95,550	206,350	
Capital Outlay	2,989	2,011	0	5,000	2,011	0	5,000	10,000	
Total Costs	\$1,240,343	\$442,152	(\$65,033)	\$1,617,462	\$433,587	(\$65,415)	\$1,608,515	\$3,225,977	
Fund Sources									
General Fund	950,357	78,524	(65,033)	963,848	69,735	(65,415)	954,677	1,918,525	
State/Other Special	289,986	263,628	0	553,614	263,852	0	553,838	1,107,452	
Federal Special	0	100,000	0	100,000	100,000	0	100,000	200,000	
Total Funds	\$1,240,343	\$442,152	(\$65,033)	\$1,617,462	\$433,587	(\$65,415)	\$1,608,515	\$3,225,977	

Program Description

The Land Administration Program is responsible for leasing the surface and mineral resources for the benefit of Montana's public schools and other endowed institutions. This program oversees the appraisal and reclassification of all state lands to obtain the greatest revenue for the trust funds commensurate with the preservation of the resource. This program includes the Surface Management Bureau, the Minerals Management Bureau, and the Resource Development Bureau. The Resource Development Bureau is responsible for developing and improving state lands to increase revenue for the trust funds and for restoring and preserving state land resources. This program was transferred to this agency as a result of SB 234.

Reorganization

As the result of the passage of SB 234, all functions of the Land Administration Program in the former Department of State Lands were transferred to this agency.

Funding

General fund finances approximately 59 percent of the program. The remainder is funded with state special revenue from the resource development account, fees from the sale of cabin sites, and EIS fees. By statute, the State Land Board can allocate up to 2.5 percent of income generated by state trust lands (except timber sale revenue) to the resource development account. Revenue deposited in the account is no longer available for uses supported by the common school and other trusts. State special revenue is also derived from fees charged to applicants wishing to purchase a cabin or home site. If fees are not commensurate with costs, general fund pays the remaining cost. As a new activity, the legislature approved \$150,000 state special revenue each fiscal year from fees paid by private entities for preparation of EIS's if required by Montana Environmental Policy Act (MEPA) in the exchange of trust lands.

Present Law Adjustments

1 & 2) Personal Services - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, and greater work hours. One primary change to personal services is due to 0.5 FTE eliminated in fiscal 1995 by the November 1993 Special Session.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Land Management Specialist	(\$17,652)	(\$17,652)
2 Personal Services	16,011	20,417
3 Inflation/Deflation	2,697	3,729
4 Fixed Costs	14,039	13,922
<i>Other Present Law Adjustments</i>		
5 Environmental Impact Statements	\$150,000	\$150,000
6 Land Advisory Council	(14,720)	(14,720)
7 Cabin/Home Site Sales	25,000	25,000
8 Weed Control	10,721	10,721
9 Equipment	84,911	69,661
10 Other	10,531	11,671
11 Crow Tribe Land Exchange	100,000	100,000
12 Senate Bill 83 (1.00 FTE)	60,614	60,838
Total Present Law Adjustments	\$442,152	\$433,587
caqq		

5) Environmental Impact Statements - The legislature approved the executive request for \$150,000 each fiscal year to contract for the preparation of EIS's required by MEPA for exchange of trust lands with land of private entities. Funding is state special revenue received from fees paid by the private entity for EIS development.

6) Land Advisory Council - The legislature approved the executive request not to continue funding for the advisory council to the Board of Land Commissioners (created by the 1993 legislature in SB 424 to make recommendations for fees and rental rates) since the legislation terminates March 1, 1996.

7) Cabin/Home Site Sales - The legislature approved the executive request for \$25,000 each year of state special revenue to fund preparation costs of an estimated 25 cabin/home site sales. Costs in excess of \$1,000 are paid by general fund.

8) Weed Control - The legislature approved the

executive request for \$15,000 general fund each year for weed control on vacant state tracts, an increase of \$10,721 from the \$4,279 spent in fiscal 1994.

9) Equipment - The legislature approved the executive equipment request for 9 replacement vehicles, 4 all-terrain vehicles, 9 computers, and office equipment.

10) Other - Other increases include increased expenditures for building rent and capital outlay for improvements and assessments on trust lands at the Continental Divide Subdivision in Billings.

11) Crow Tribe Land Exchange - Additional federal authority was approved for exchanges of public (federal) land within Montana for 46,625 acres of state trust lands within the Crow reservation to fulfill the requirements of the national Crow Boundary Settlement Act of 1994.

10) Senate Bill 83-Prior Statutory Appropriations - As a result of the passage of SB 83, all expenditures funded from recreational use permit fees, which had been appropriated through a statutory appropriation in the 1995 biennium, are now appropriated in HB 2. In fiscal 1994, a total of \$37,110 was spent to fund 1.0 FTE and associated operating expenses. The 1997 biennium includes 1.0 FTE and \$60,614 in fiscal 1996 and \$60,838 in fiscal 1997. The amount appropriated in fiscal 1995 was \$61,970.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(1.00)	(\$65,033)	(\$65,033)	(1.00)	(\$65,415)	(\$65,415)
Totals	(1.00)	(\$65,033)	(\$65,033)	(1.00)	(\$65,415)	(\$65,415)

New Proposals

1) Personal Services Reductions - The legislature approved the executive request to eliminate a 1.0 FTE petroleum engineer for a general fund reduction of \$35,608 in fiscal 1996 and \$35,725 in fiscal 1997. In addition, a vacancy savings rate of 3.14 percent was applied for a \$29,425 general fund savings in fiscal 1996 and \$29,690 in fiscal 1997. The petroleum engineer monitors and evaluates oil and gas wells to ensure the state (public land trusts) is receiving its fair share of royalties.

Language

"Because of elimination of the recreational access statutory appropriation by Senate Bill No. 83, item [Land Administration Program] has been increased by 1 FTE and \$60,614 in state special revenue in fiscal year 1996 and by \$60,838 in state special revenue in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that eliminates the statutory appropriation, then the state special revenue amounts in item [Land Administration Program] are reduced by \$60,614 in fiscal year 1996 and by \$60,838 in fiscal year 1997." (Senate Bill 83 was passed and approved.)

DEPT NAT RESOURCE/CONSERVATION				CENTRALIZED SERVICES DIVISION					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		34.50	(12.50)	0.00	22.00	(12.50)	0.00	22.00	22.00
Personal Services	1,219,398	(478,034)	(20,216)	721,148	(474,829)	(20,592)	723,977	1,445,125	
Operating Expenses	464,717	45,759	25,360	535,836	5,294	360	470,371	1,006,207	
Equipment	13,078	(3,043)	1,250	11,285	(1,471)	0	11,607	22,892	
Debt Service	7,435	(1,364)	0	6,071	(1,364)	0	6,071	12,142	
Total Costs	\$1,704,628	(\$436,682)	\$6,394	\$1,274,340	(\$472,370)	(\$20,232)	\$1,212,026	\$2,486,366	
Fund Sources									
General Fund	734,066	(133,408)	146,825	747,483	(162,771)	121,263	692,558	1,440,041	
State/Other Special	850,642	(203,198)	(140,524)	506,920	(204,364)	(141,513)	504,765	1,011,685	
Federal Special	119,920	(100,076)	93	19,937	(105,235)	18	14,703	34,640	
Total Funds	\$1,704,628	(\$436,682)	\$6,394	\$1,274,340	(\$472,370)	(\$20,232)	\$1,212,026	\$2,486,366	

Program Description

Centralized Services Division provides managerial and administrative support services to the department through: 1) the Director's Office, which includes the director, deputy director, legal staff, public information, and personnel support functions; and 2) Centralized Services, which manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services.

Reorganization

As the result of the passage of Senate Bill 234, 11.5 FTE and general fund, state special revenue, and federal special revenue authority totaling approximately \$600,000 each year were transferred from this program to the Department of Environmental Quality.

Funding

Centralized services is funded with general fund, state special revenues, and federal revenues. Table 3 shows the funding for centralized services. The legislature significantly reduced state special revenue and increased general fund by like amounts, to reflect lower anticipated RIGWAT proceeds and RIT interest revenues in the 1997 biennium.

Table 3
Centralized Services Division Funding

Funding Source	FY 96	FY 97
<u>PRESENT LAW</u>		
General Fund	\$600,658	\$571,295
State Special Revenue Funds		
Rangeland Improvement Loans	\$16,000	\$16,000
Water Rights Appropriation Funds	23,400	23,400
Water Adjudication Funds	1,500	1,500
Oil & Gas Funds	58,004	58,456
Grazing District Fees	480	480
Conservation District Grants	4,800	4,800
Alternative Energy Loan Repayments	4,524	3,571
RIT Renewable Resources	457,839	458,214
RIT Reclamation & Development	76,584	76,444
Water Well Contractors Fees	4,313	3,413
Federal Funds		
Indirect Cost Recovery Funds	\$16,185	\$11,445
Army Corps of Engineers Funds	3,659	3,240
Total Present Law	<u>\$1,267,946</u>	<u>\$1,232,258</u>
<u>NEW PROPOSALS</u>		
General Fund	\$146,825	\$121,263
State Special Revenue Funds	(140,524)	(141,513)
Federal Funds	93	18
Total New Proposals	<u>\$6,394</u>	<u>(\$20,232)</u>
Total Funding	<u>\$1,274,340</u>	<u>\$1,212,026</u>

Present Law Adjustments

- 1) Personal Services - Personal services increase over \$14,700 each year, due to the pay plan increase, with the remainder due primarily to vacancies that occurred during fiscal 1994.
- 4) Board of Natural Resources and Conservation (BNRC) Legal Fees - The legislature accepted an annual increase of \$5,444 in general fund for outside legal services to the BNRC. The addition reflects that the BNRC met three times

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<u>Statewide Present Law Adjustments</u>			
1 Personal Services	\$49,490	\$55,774	
2 Inflation/Deflation	(467)	(1,108)	
3 Fixed Costs	112,421	68,385	
<u>Other Present Law Adjustments</u>			
4 DNRC Legal Fees	\$5,444	\$5,444	
5 Lawsuit Army Corp of Engineers	7,198	(7,802)	
6 Equipment	(3,043)	(1,471)	
7 SB 234 - Reorganization to DEQ	(612,028)	(598,895)	
8 Other	4,303	7,303	
Total Present Law Adjustments	(\$436,682)	(\$472,370)	

during fiscal 1994 and customarily meets five to six times per year.

5) Lawsuit Army Corp of Engineers - The legislature accepted a line item, \$15,000 biennial general fund appropriation for continuation of the lawsuit filed against the Army Corp of Engineers, resulting in a \$7,198 increase in fiscal 1996 and a \$7,802 decrease in fiscal 1997.

6) Equipment - The legislature accepted replacement equipment expenditures of \$10,035 in fiscal 1996 and \$11,607 in fiscal 1997, which represent decreases from base of \$3,043 and \$1,471, respectively.

7) SB 234 - Reorganization to DEQ - Due to the passage of SB 234, 11.5 FTE and general fund, state special revenue, and federal special revenue authority totaling approximately \$600,000 each year

were transferred to the new DEQ from this program.

New Proposals						
New Proposal	FTE	Fiscal 1996		Fiscal 1997		
		General Fund	Total Funds	FTE	General Fund	
1 N M F S Lawsuit		\$25,000	\$25,000			
2 Centralized Services Equipment		724	1,610		162	360
3 General Fund Backfill		121,101			121,101	
4 Personal Services Reductions			(20,216)			(20,592)
Totals		\$146,825	\$6,394		\$121,263	(\$20,232)

New Proposals

1) NMFS Lawsuit - The legislature accepted the executive proposal for a \$25,000 general fund, biennial appropriation for a lawsuit with the National Marine Fisheries Service (NMFS) over proposed changes in the Columbia River basin dam operations.

2) Centralized Services Equipment - The legislature accepted an executive proposal for the purchase of a \$1,250 color printer in fiscal 1996 and \$360 in annual payments to the Department of Administration for support services.

3) General Fund Backfill - The legislature increased general fund appropriations by \$121,101 each year and decreased RIT state special revenue appropriations (renewable resources account) by the same amount. A combination of factors, including RIT revenue estimates lower than the executive and an initial over-appropriation in the Executive Budget, resulted in significant imbalances in the renewable resources and the reclamation and development state special revenue accounts. This and other RIT funding switches in the Conservation and Resource Development Division, the

Water Resources Division, the Reserved Water Rights Compact Commission, and the Reclamation Division in the Department of Environmental Quality total \$1.5 million for the biennium.

- 4) Personal Services Reductions - The legislature accepted the executive proposal for vacancy savings.

Language

"The department is authorized to spend the lawsuit appropriations for either lawsuit."

DEPT NAT RESOURCE/CONSERVATION				OIL & GAS CONSERVATION DIVISION					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	24.50	0.00	(6.50)	18.00	0.00	(6.50)	18.00	18.00	
Personal Services	609,756	211,458	(196,294)	624,920	214,772	(197,144)	627,384	1,252,304	
Operating Expenses	182,727	226,287	0	409,014	224,825	0	407,552	816,566	
Equipment	2,628	20,693	0	23,321	22,439	0	25,067	48,388	
Debt Service	857	(203)	0	654	(203)	0	654	1,308	
Total Costs	\$795,968	\$458,235	(\$196,294)	\$1,057,909	\$461,833	(\$197,144)	\$1,060,657	\$2,118,566	
<u>Fund Sources</u>									
State/Other Special	795,968	458,235	(196,294)	1,057,909	461,833	(197,144)	1,060,657	2,118,566	
Total Funds	\$795,968	\$458,235	(\$196,294)	\$1,057,909	\$461,833	(\$197,144)	\$1,060,657	\$2,118,566	

Program Description

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. To meet this goal, the division: 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; and 7) collects and maintains complete well data and production information.

Funding

The oil and gas state special revenue account funds this program. Revenue is derived from fees paid for drilling permits, a tax on oil and gas production, interest earnings, and miscellaneous fees for photocopy and other services.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$81,015	\$83,871
2 Inflation/Deflation	94	(1,368)
3 Fixed Costs	1,505	1,505
<u>Other Present Law Adjustments</u>		
4 Underground Injection Control	\$355,443	\$355,901
5 Equipment	20,693	22,439
6 Other	(515)	(515)
<u>Total Present Law Adjustments</u>	<u>\$458,235</u>	<u>\$461,833</u>

Present Law Adjustments

1) Personal Services - Pay plan increases are responsible for approximately \$10,000 each year, while the remainder is due primarily to position upgrades and vacancies occurring during the base year.

4) Underground Injection Control - The legislature approved increases for an underground injection control program. These totals include \$225,000 each year in contracted services, with the remainder being personal services for 4.0 FTE. All 4.0 FTE are then removed in the personal services reduction new proposal.

5) Equipment - The legislature accepted the executive proposal for replacement equipment expenditures of \$23,321 in fiscal 1996 and \$25,067 in fiscal 1997, which are \$20,693 and \$22,439 higher than the base.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(6.50)		(\$196,294)	(6.50)		(\$197,144)
Totals	(6.50)		(\$196,294)	(6.50)		(\$197,144)

New Proposals

1) Personal Services Reductions - The legislature accepted vacancy savings of \$11,471 in fiscal 1996 and \$11,685 in fiscal 1997 and the elimination of 6.5 FTE and related personal services costs of \$184,823 in fiscal 1996 and \$185,459 in fiscal 1997. This action reflects the elimination of a 0.5 FTE laboratory aide position, a 1.0 FTE administrative support position, a 1.0 FTE exempt position, and all 4.0 FTE in the underground injection control (UIC) program. Language in HB 2 authorizes additional funding for the program manager in the event primacy is achieved for UIC. The executive proposal did not include the elimination of the UIC program manager.

Language

"The board of oil and gas conservation is appropriated \$110,000 of federal revenue funds each fiscal year of the 1997 biennium, contingent upon receiving federal funds from the environmental protection agency for the underground injection control program."

"The board of oil and gas regulation is appropriated from the oil and gas ERA account \$56,336 in fiscal year 1996 and \$56,541 in fiscal year 1997 in the event that primacy is achieved for the underground injection control program. If primacy is achieved, the board of oil and gas regulation is authorized to request funding for the personal services costs of an underground injection control program manager as a present law adjustment in the 1999 biennium."

DEPT NAT RESOURCE/CONSERVATION				CONSERVATION/RESOURCE DEVELOPMENT DIVISION					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		18.50	0.00	0.00	18.50	0.00	0.00	18.50	18.50
Personal Services	639,022	33,612	(11,174)	661,460	37,103	(11,382)	664,743	1,326,203	
Operating Expenses	301,887	44,974	0	346,861	49,586	0	351,473	698,334	
Equipment	34,759	(11,897)	0	22,862	(11,897)	0	22,862	45,724	
Local Assistance	105,000	20,000	0	125,000	20,000	0	125,000	250,000	
Grants	256,929	26,222	0	283,151	23,613	0	280,542	563,693	
Debt Service	2,270	1,092	0	3,362	1,092	0	3,362	6,724	
Total Costs	\$1,339,867	\$114,003	(\$11,174)	\$1,442,696	\$119,497	(\$11,382)	\$1,447,982	\$2,890,678	
Fund Sources									
General Fund	0	0	113,023	113,023	0	113,023	113,023	226,046	
State/Other Special	1,251,616	129,854	(124,197)	1,257,273	135,348	(124,405)	1,262,559	2,519,832	
Federal Special	88,251	(15,851)	0	72,400	(15,851)	0	72,400	144,800	
Total Funds	\$1,339,867	\$114,003	(\$11,174)	\$1,442,696	\$119,497	(\$11,382)	\$1,447,982	\$2,890,678	

Program Description

The Conservation and Resource Development Division is made up of the Conservation Districts Bureau and the Resource Development Bureau.

The Conservation Districts Bureau: 1) coordinates, supervises, and provides financial and technical assistance to Montana's 59 conservation districts; 2) coordinates and acts as a liaison between conservation districts and federal, state, and local governments; 3) coordinates statewide rangeland management and grazing districts; and 4) administers the statewide resource conservation and development program.

The Resource Development Bureau provides technical, financial, and administrative assistance to public and private entities to complete projects that put renewable resources to work, increase the efficiency with which natural resources are used, or solve recognized environmental problems. In fulfilling these duties, the bureau: 1) issues bonds; 2) administers three grant and loan programs: renewable resources, reclamation and development, and treasure state endowment (loans only); and 3) co-administers the state revolving fund wastewater treatment program with the Department of Environmental Quality.

Funding

The Conservation and Resource Development Division is funded with general fund, state special revenue, and federal revenue. Table 4 shows the components of the Conservation and Resource Development Division and related funding. The legislature significantly increased general fund to replace RIGWAT proceeds and RIT interest.

Table 4
Conservation and Resource Development Division Funding

Funding Source	Fiscal 1996			Fiscal 1997		
	Conservation Districts	Resource Development	Total	Conservation Districts	Resource Development	Total
PRESENT LAW						
State Special Revenue						
Rangeland Improvement Loans	\$5,500		\$5,500	\$5,500		\$5,500
Wastewater Administration Fees		\$5,600	5,600		\$5,600	5,600
Grazing District Fees	8,000		8,000	8,000		8,000
Conservation District Grants	88,151		88,151	80,542		80,542
Renewable Resources RIT	486,814	167,517	654,331	487,576	169,630	657,206
Reclamation and Development RIT	343,575	256,313	599,888	345,235	257,881	603,116
Treasure State Endowment		25,000	25,000		27,000	27,000
Federal Funds						
Rural Economic Development Grant	\$50,000		\$50,000	\$50,000		\$50,000
State Revolving Loan Admin Grant		\$22,400	22,400		\$22,400	22,400
Total Present Law	\$977,040	\$476,830	\$1,453,870	\$976,853	\$482,511	\$1,459,364
NEW PROPOSALS						
General Fund				\$113,023		\$113,023
State Special Revenue				(124,197)		(124,405)
Total New proposals				(\$11,174)		(\$11,382)
Total Funding				\$1,442,696		\$1,447,982

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$33,612	\$37,103
2 Inflation/Deflation	4,273	4,885
3 Fixed Costs	611	611
Other Present Law Adjustments		
4 Consulting & Professional Services	\$32,089	\$37,089
5 Grants & Local Assistance	46,222	43,613
6 Travel	2,280	2,280
7 Rent	2,200	2,200
8 Equipment	(11,897)	(11,897)
9 Other	4,613	3,613
Total Present Law Adjustments	\$114,003	\$119,497

Present Law Adjustments

1) **Personal Services** - The legislature accepted the executive present law adjustment for personal services.

4) **Consulting & Professional Services** - The legislature approved increases for consulting and professional services. The increases are in two areas: a) \$12,976 annually for the Conservation Districts Bureau; and b) \$19,113 in fiscal 1996 and \$24,113 in fiscal 1997 for the Resource Development Bureau. Conservation Districts Bureau expenses are for a rangeland management coordinator (a Soil Conservation Service position that is cost shared with the department), watershed planning, riparian information education management, and writer services. Resource Development Bureau expenses are for bond counsel, arbitrage, bankruptcy proceedings, local government services, engineering and loan reviews.

review, environmental review, and other areas related to grant

5) Grants and Local Assistance - The legislature approved an executive proposal for increases in grants and local assistance. Local assistance to small conservation districts will increase by \$20,000 each year, funded with RIT state special revenues, while grants will increase by \$26,222 in fiscal 1996 and \$23,613 in fiscal 1997. Grants are to be distributed to conservation districts by the department on the basis of need and are funded with coal severance tax proceeds that are appropriated by the legislature pursuant to 15-35-108(3)(a), MCA.

6) Travel - The legislature accepted the executive proposal for increased travel expenses of \$2,280 each year for increased monitoring of grant and loan projects.

7) Rent - The legislature accepted an executive proposal for an increase of \$2,200 each year for field office rent.

8) Equipment - The legislature accepted an executive proposal for replacement equipment expenditures of \$22,862 annually, representing reductions of \$11,897 each year from the fiscal 1994 levels.

New Proposals					
New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 General Fund Backfill		\$113,023			\$113,023
2 Personal Services Reductions			(11,174)		(11,382)
Totals		\$113,023	(\$11,174)		\$113,023
					(\$11,382)

New Proposals

1) General Fund Backfill - The legislature increased general fund appropriations by \$113,023 each year and decreased RIT state special revenue appropriations (reclamation and development account) by the same amount.

2) Personal Services Reductions - The legislature accepted the executive proposed vacancy savings of \$11,174 in fiscal 1996 and \$11,382 in fiscal 1997, a rate of about 1.6 percent.

Language

"The department is appropriated up to \$700,000 per year from the account established in 76-14-112 for rangeland loans during the 1997 biennium."

"All funds deposited in the state special revenue account established in 76-15-530 are appropriated to the department for distribution as grants to conservation districts in an amount of up to \$100,000 per year for the 1997 biennium."

"All funds held in the state special revenue account in accordance with 76-16-106(2) are appropriated to the department for administration of grazing district activities in an amount of up to \$15,000 per year for the 1997 biennium."

"The department is appropriated up to \$400,000 over the biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as required by 85-1-618."

DEPT NAT RESOURCE/CONSERVATION		WATER RESOURCES DIVISION							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		115.50	(4.00)	1.00	112.50	(4.00)	1.00	112.50	112.50
Personal Services	3,816,953	245,380	(62,444)	3,999,889	267,548	(63,720)	4,020,781	8,020,670	
Operating Expenses	940,187	34,399	17,429	992,015	35,658	17,622	993,467	1,985,482	
Equipment	150,825	(11,736)	34,887	173,976	(63,036)	9,972	97,761	271,737	
Capital Outlay	5	(5)	0	0	(5)	0	0	0	
Debt Service	6,555	356	460,000	466,911	356	0	6,911	473,822	
Total Costs	\$4,914,525	\$268,394	\$449,872	\$5,632,791	\$240,521	(\$36,126)	\$5,118,920	\$10,751,711	
Program Sources									
General Fund	1,855,112	832,204	247,388	2,934,704	826,509	245,990	2,927,611	5,862,315	
State/Other Special	3,006,665	(563,810)	202,484	2,645,339	(585,988)	(282,116)	2,138,561	4,783,900	
Federal Special	52,748	0	0	52,748	0	0	52,748	105,496	
Total Funds	\$4,914,525	\$268,394	\$449,872	\$5,632,791	\$240,521	(\$36,126)	\$5,118,920	\$10,751,711	

Program Description

The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. The division also develops and recommends water policy to the director, Governor, and legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, Engineering Bureau, and the Water Operations Bureau.

Funding

The Water Resources Division is funded with general fund, state special revenue (primarily RIT sources), and a minor amount of federal funds. Table 5 shows the components of the Water Resources Division and associated funding. The legislature significantly increased general fund to replace state special revenues from RIGWAT proceeds and RIT interest.

Table 5
Water Resources Division Funding

Funding Source	Administration	----Fiscal 1996----						New Proposals	Total
		Water Rights	Regional Offices	State Water Projects	Water Management	Water Operations			
General Fund		\$1,991,341		\$319,879	\$376,096			\$247,388	\$2,934,704
State Special Revenue									
Broadwater Fisheries Mitigation				\$21,050					\$21,050
Broadwater Operations & Maintenance				316,000				52,647	368,647
Water Right Appropriation		\$390,000							390,000
Water Adjudication Fees		25,000							25,000
Renewable Resources RIT	\$268,127			348,838				149,837	766,802
Reclamation and Development RIT		414,881			\$386,750	\$200,326			1,001,957
Water Well Contractors						71,883			71,883
Federal Funds									
State Assistance Program							52,748		52,748
Total	\$268,127	\$829,881	\$1,991,341	\$1,005,767	\$762,846	\$324,957	\$449,872	\$5,632,791	
----Fiscal 1997----									
Funding Source	Administration	Water Rights	Regional Offices	State Water Projects	Water Management	Water Operations	New Proposals	TOTAL	
General Fund		\$1,985,645		\$319,879	\$376,097			\$245,990	\$2,927,611
State Special Revenue									
Broadwater Fisheries Mitigation				\$21,050					\$21,050
Broadwater Operations & Maintenance				316,000				52,647	368,647
Water Right Appropriation		\$390,000							390,000
Water Adjudication Fees		25,000							25,000
Renewable Resources RIT	\$269,564			347,008				(334,763)	281,809
Reclamation and Development RIT		398,210			\$394,654	\$202,308			995,172
Water Well Contractors						56,883			56,883
Federal Funds									
State Assistance Program							52,748		52,748
Total	\$269,564	\$813,210	\$1,985,645	\$1,003,937	\$770,751	\$311,939	(\$36,126)	\$5,118,920	

Present Law Adjustments

- 1) **Personal Services** - The legislature accepted the executive-proposed personal services increases of \$245,380 in fiscal 1996 and \$267,548 in fiscal 1997. The reduction of 4.0 FTE is due to the net of: 1) elimination of 3.0 FTE associated with one-time only projects and 2.0 FTE to comply with November 1993 Special Session action; and 2) and the addition of 1.0 FTE transferred from the Energy Division prior to its transfer to DEQ.
- 4) **Water Rights Computer Processing** - The legislature accepted a \$9,750 annual increase for computer processing charges to review and process water rights claims. This increase represents half of the amount proposed in the Executive Budget.
- 5) **USGS Cooperative Agreement** - The legislature approved increases for higher costs of stream and river flow gauging.
- 6) **Broadwater Dam Consulting & Professional Services** - The legislature accepted a \$37,859 decrease each year for maintenance, repairs, inspections, and compliance with Federal Energy Regulatory Commission mandates at the Broadwater Dam.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$245,380	\$267,548
2 Inflation/Deflation	706	(7,102)
3 Fixed Costs	(12,804)	(12,804)
<i>Other Present Law Adjustments</i>		
4 Water Rights Computer Processing	9,750	9,750
5 USGS Coop Agreement	8,016	16,512
6 Broadwater Dam Prof Serv	(37,859)	(37,859)
7 Water Operations Consulting	16,500	16,500
8 Printing State Water Plan	4,500	4,500
9 Travel	14,444	14,444
10 Regional Office Rent	6,322	9,593
11 Equipment	(11,736)	(63,036)
12 Other	25,175	22,475
Total Present Law Adjustments	\$268,394	\$240,521

7) **Water Operations Consulting & Professional Services** - The legislature approved a \$16,500 annual increase for consulting services in water operations. Base year expenses were \$8,075 and the increase would result in \$24,575 annually in five areas: a) \$5,000 for hearings officer services in floodplain designation hearings; b) \$200 for preparing a quarterly newsletter on floodplain activities; c) \$7,500 for the small basins gauging program; d) \$1,875 for report writing regarding streams with chronic de-watering designations; and e) \$10,000 in legal services for noncompliance with water well drilling construction standards.

8) **Printing State Water Plan** - The legislature accepted increased costs of \$4,500 annually for printing drafts of state water plan sections.

9) **Travel** - Most of the increase results from restricted travel during fiscal 1994 because of vacancy savings.

10) **Regional Office Rent** - The legislature approved

increases for rent.

11) **Equipment** - The legislature appropriated \$139,089 in fiscal 1996 and \$86,019 in fiscal 1997 for replacement equipment, which are reductions from the base of \$11,736 and \$63,036, respectively. Funds to purchase additional equipment are approved in a new proposal.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Rehab DNRC State-Owned Dams			\$460,000			
2 FWP Water Project Rehab	1.00		52,647	1.00		52,647
3 Water Resources Equipment			34,100			9,500
4 General Fund Backfill		344,263			344,263	
5 Personal Services Reductions		(96,875)	(96,875)		(98,273)	(98,273)
Totals	1.00	\$247,388	\$449,872	1.00	\$245,990	(\$36,126)

New Proposals

1) **Rehabilitate DNRC State-Owned Dams** - The legislature authorized the spending of \$460,000 for debt service in fiscal 1996 as requested by the executive. This new proposal reflects receipt of funds from water users associations, which will be used to repay the loans.

2) FWP Water Project Rehabilitation - As requested by the executive, the legislature approved \$52,647 annually for 1.0 FTE, related operating expenses, and a minor amount of equipment purchases for maintenance and rehabilitation of FWP dams. Funding is from FWP state special revenue.

3) Equipment - The legislature approved an executive proposal for equipment purchases of \$34,100 in fiscal 1996 and \$9,500 in fiscal 1997 for vehicles, computers, software, and office equipment. This new proposal is funded with renewable resources RIT state special revenue.

4) General Fund Backfill - The legislature increased general fund appropriations by \$344,263 each year and decreased RIT state special revenue appropriations (renewable resources account) by the same amount.

5) Personal Services Reduction - The legislature approved vacancy savings of \$96,875 in fiscal 1996 and \$98,273 in fiscal 1997, or about 2.5 percent. This amount was a smaller reduction than that contained in the Executive Budget. However, executive staff indicated the proposal was erroneously high in the Executive Budget. All reductions are applied against general fund.

Language

"Up to \$50,000 each year of funds received under the provisions of 85-1-514(4) are appropriated to the department for the purpose of performing duties required under 85-1-514."

"Up to \$20,000 each year of fines collected under the provisions of Title 85, chapter 2, and deposited in the water right appropriation account in accordance with 85-2-318 are appropriated to the department to carry out the enforcement functions required under 85-2-114."

"Up to \$20,000 each year of funds received from the bonds required by 37-43-306 are appropriated to the department for the purpose of performing remedial action on water wells, providing compensation for damages caused by water well violations, or paying administration costs incurred by the board of water well contractors."

"During the 1997 biennium, up to \$550,000 of funds currently in or to be deposited in the Broadwater replacement and renewal account are appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility or to service the Broadwater hydropower bond debt if revenue deposited in the debt service account is insufficient for this purpose."

"During the 1997 biennium, up to \$20,000 of interest earned on the Broadwater users account is appropriated to the department for the purpose of repair, improvement or rehabilitation of the Broadwater-Missouri diversion project."

"Up to \$150,000 each year of funds received in accordance with 85-3-213 are appropriated to the department for the purpose of carrying out the review and administration of weather modification applications, permits, and licenses."

"During the 1997 biennium, up to \$1 million of funds received by the department from arbitration, litigation awards, or settlements, including funds from the escrow account currently established in an escrow agreement among Voith Hydro, Inc., the department, and Norwest Bank, Helena, pursuant to agreement 1189.1 Broadwater power project, are authorized to be spent to pay costs, including the bond debt associated with the Broadwater power project."

"During the 1997 biennium, up to \$50,000 of state special revenue funds received as lease payments for properties associated with state water projects is appropriated to the department for the purpose of administering the state water project leased properties program."

DEPT NAT RESOURCE/CONSERVATION				RESERVED WATER RIGHTS COMPACT COMMISSION					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Exec. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Exec. Budget Fiscal 1997	Total Exec. Budget Fiscal 96-97	
FTE	11.42	0.00	(0.42)	11.00	0.00	(0.42)	11.00	11.00	
Personal Services	391,303	48,060	(18,650)	420,713	51,096	(18,820)	423,579	844,292	
Operating Expenses	67,830	2,124	0	69,954	2,434	0	70,264	140,218	
Equipment	9,113	4,474	0	13,587	(3,726)	0	5,387	18,974	
Debt Service	1,158	(37)	0	1,121	(37)	0	1,121	2,242	
Total Costs	\$469,404	\$54,621	(\$18,650)	\$505,375	\$49,767	(\$18,820)	\$500,351	\$1,005,726	
Fund Sources									
General Fund	0	169,786	0	169,786	169,786	0	169,786	339,572	
State/Other Special	469,404	(115,165)	(18,650)	335,589	(120,019)	(18,820)	330,565	666,154	
Total Funds	\$469,404	\$54,621	(\$18,650)	\$505,375	\$49,767	(\$18,820)	\$500,351	\$1,005,726	

Program Description

The Reserved Water Rights Compact Commission, created by the legislature in 1979 as part of the water rights adjudication effort, is provided for in section 2-15-212, MCA. The commission negotiates water rights with Indian tribes and federal agencies to establish a formal agreement (compact) on the amount of water to be allocated to each interest. The commission has completed compacts with: the National Park Service for Yellowstone Park, Glacier Park, and the Big Hole Battlefield; the Fort Peck tribe; and the Northern Cheyenne tribe. During the 1997 biennium, the commission will: 1) negotiate with the National Park Service regarding Little Bighorn Battlefield and Bighorn Canyon; 2) negotiate with the Bureau of Land Management regarding the Bear Trap Canyon section of the Madison and the Wild & Scenic River section of the Missouri 3) negotiate with the Chippewa-Cree tribe of the Rocky Boy reservation; 3) negotiate with the Fort Belknap tribe; 4) negotiate with the Crow tribe; and 5) assist the Attorney General's office in litigation with the Blackfeet tribe.

Funding

The Reserved Water Rights Compact Commission is funded with general fund and RIT revenues from two state special revenue accounts. The legislature significantly increased general fund to replace state special revenues due to funding shortages in the renewable resource and the reclamation and development state special revenue accounts.

Present Law Adjustments

- 1) Personal Services - The executive proposal for personal services increases was approved by the legislature.
- 4) Equipment - The legislature adopted the executive proposal for replacement equipment purchases of \$13,587 in fiscal 1996 and \$5,387 in fiscal 1997 for computers, software, and office equipment. Equipment purchases in fiscal 1996 will be \$4,474 more than fiscal 1994, while fiscal 1997 purchases will be \$3,726 lower than in the base year.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$48,060	\$51,096
2 Inflation/Deflation	663	656
3 Fixed Costs	1,231	1,231
<i>Other Present Law Adjustments</i>		
4 Equipment	\$4,474	(\$3,726)
5 Other	193	193
Total Present Law Adjustments	\$54,621	\$49,450

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 General Fund Backfill		\$48,448			\$48,448	
2 Personal Services Reductions	(0.42)		(18,650)	(0.42)		(18,820)
Totals	(0.42)	\$48,448	(\$18,650)	(0.42)	\$48,448	(\$18,820)

New Proposals

- 1) General Fund Backfill - The legislature increased general fund appropriations by \$48,448 each year and decreased RIT state special revenue appropriations (renewable resources account) by the same amount.
- 2) Personal Services Reductions - The legislature approved this executive new proposal as requested, resulting in vacancy savings of \$6,640 in fiscal 1996 and \$6,763 in fiscal 1997 and the elimination of 0.42 FTE and related personal services costs of \$12,010 in fiscal 1996 and \$12,057 in fiscal 1997. All reductions are applied against RIGWAT proceeds and RIT interest (reclamation and development grants state special revenue account).

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DEPT NAT RESOURCE/CONSERVATION**FORESTRY PROGRAM****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	242.58	(3.95)	13.00	251.63	(3.95)	6.92	245.55	245.55
Personal Services	6,710,240	657,289	183,525	7,551,054	685,044	(27,099)	7,368,185	14,919,239
Operating Expenses	2,255,185	616,885	470,999	3,343,069	576,007	362,341	3,193,533	6,536,602
Equipment	585,187	273,943	27,000	886,130	96,943	0	682,130	1,568,260
Total Costs	\$9,550,612	\$1,548,117	\$681,524	\$11,780,253	\$1,357,994	\$335,242	\$11,243,848	\$23,024,101
Fund Sources								
General Fund	5,893,016	770,874	(196,587)	6,467,303	729,684	(302,336)	6,320,364	12,787,667
State/Other Special	2,865,433	623,802	759,467	4,248,702	600,146	516,965	3,982,544	8,231,246
Federal Special	792,163	153,441	118,644	1,064,248	28,164	120,613	940,940	2,005,188
Total Funds	\$9,550,612	\$1,548,117	\$681,524	\$11,780,253	\$1,357,994	\$335,242	\$11,243,848	\$23,024,101

Program Description

The Forestry Program manages state-owned forest lands held in trust for the: 1) support of education; 2) protection of the state's forest and non-forest watershed lands from wildfire; and 3) provision of technical forestry assistance to private landowners, businesses, and communities. The program is administered by the Forestry Division in Missoula, which provides six main services: fire management of state and privately-owned forest and watershed lands; management of state forest land; brush disposal on state forest land following Forest Management Program activities; timber stand improvement of the composition, condition, or growth of trees on state forest lands; tree nursery for conservation plantings on state and private lands for shelterbelts, windbreaks, wildlife habitat improvement, reclamation, and reforestation; and administration of the fire hazard reduction and management (slash) law to ensure that the fire hazard created by logging and other forest management operations on private forest land is adequately reduced or that additional protection is provided until the fire hazard is reduced to an acceptable level. This program was transferred to this agency as a result of SB 234.

Reorganization

As the result of the passage of SB 234, all functions of the Forestry Division in the former Department of State Lands were transferred to this agency.

Funding

The Forestry Program contains seven programs, which are funded with general fund, state special revenue, and federal funds. Table 6 details the funding for each of the forestry programs. The general fund increase is due primarily to the net of: 1) a higher appropriation for pre-fire suppression activity (funded 2/3 general fund and federal funds, 1/3 fire landowner assessments); 2) greater forest management activity, funded primarily with general fund; 3) an increase in the slash program due to a one-time replacement of general fund support in the 1995 biennium from the slash account fund balance; 4) a funding switch requested by the executive in the service forestry program that increased general fund by \$87,375 in fiscal 1996 and \$87,652 in fiscal 1997 and decreased federal funds by like amounts; and 5) a reduced budget for other program activities that are funded entirely with general fund.

Table 6
Forestry Program Funding
1997 Biennium

Fiscal Year/Program	General Fund	State Special	Landowner Assessment	Federal	Total Funds
Fiscal 1996					
Fire	\$3,118,417		\$1,708,653	\$409,207	\$5,236,277
Forest Management	2,104,904			11,214	2,116,118
Forest Improvement		1,250,504		28,256	1,278,760
Nursery		230,078			230,078
Private Slash Removal	137,911	300,000			437,911
Other Services	834,853			100,000	934,853
Service Forestry	467,805			396,927	864,732
New Proposals	(196,587)	795,897	(36,430)	118,644	681,524
Total Fiscal 1996	\$6,467,303	\$2,576,479	\$1,672,223	\$1,064,248	\$11,780,253
Fiscal 1997					
Fire	\$3,064,658		\$1,680,753	\$329,207	\$5,074,618
Forest Management	2,113,773			11,214	2,124,987
Forest Improvement		1,254,044		28,256	1,282,300
Nursery		230,782			230,782
Private Slash Removal	139,865	300,000			439,865
Other Services	835,590			100,000	935,590
Service Forestry	468,814			351,650	820,464
New Proposals	(302,336)	563,554	(46,589)	120,613	335,242
Total Fiscal 1997	\$6,320,364	\$2,348,380	\$1,634,164	\$940,940	\$11,243,848

State special revenue, generated from the sale of timber on state land, is used to finance the forest improvement program. HB 393 (1993 session) combined the brush disposal and timber stand improvement fees into one fee for forest improvement and authorized the Land Board to require a timber purchaser to pay a timber improvement fee. The Land Board approves the proposed fee, which can vary, when timber sales are approved based on the state's expected costs of slash disposal, road access and maintenance, and reforestation. Any fees collected reduce the amount of interest and income from the public school and other trusts which would have been distributed to schools and other trust beneficiaries. Landowner assessments are taxes paid by private forest landowners for wildfire protection. The department is required by statute to collect up to one-third of the state's fire protection appropriation from private landowners (section 76-13-207, MCA). Other state special revenues include money from the sale of nursery stock and slash removal assessments on private landowners who cut timber. Fees of \$25 for each slash hazard reduction agreement and \$0.60 per thousand board feet sold are collected for use by the department. The fund balance from this account was used to reduce general fund in the 1995 biennium and is not available to continue the reduction in the 1997 biennium.

Federal funds finance a portion of the fire, other services, and service forestry programs. Funds reimbursed from federal agencies are also budgeted at \$100,000 each year. These funds are reimbursements received from federal agencies for general fund the department spent in assisting them in fire suppression. Since these funds would have been deposited in the general fund, these appropriations reduce the amount of general fund deposits.

Present Law Adjustments

- 1) Personal Services - The increase is due to the net of reversions, the pay raise authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, and greater work hours.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$560,358	\$588,099
2 Inflation/Deflation	13,361	18,367
3 Fixed Costs	94,901	94,017
<u>Other Present Law Adjustments</u>		
4 Elimination of 1.00 Base FTE	\$0	\$0
5 Transfer of Helicopter Mod	29,332	29,346
6 Forest Improvement Contracted Service	429,040	429,040
7 Federal Fire Reimbursements	58,968	58,968
8 Federal Carry-over Funds	45,000	0
9 Equipment (zero based)	273,943	96,943
10 BMP and SMZ Programs	43,214	43,214
Total Present Law Adjustments	\$1,548,117	\$1,357,994

4) **Executive Elimination of 1.0 Base FTE** - The legislature approved the executive's elimination of a 1.0 FTE federally-funded forestry program specialist that was vacant in fiscal 1994.

5) **Transfer of Helicopter Modification** - The legislature approved the executive request to transfer from the Centralized Services program a portion of a budget modification approved by the 1993 legislature to retrofit two additional helicopters on loan from the federal excess property program. The transfer includes 0.55 FTE and \$10,577 in fiscal 1996 and \$10,591 in fiscal 1997 for personal services and \$18,745 in fiscal 1996 and \$18,755 in fiscal 1997 for operating expenses.

6) **Forest Improvement Contracted Services** - The legislature approved \$527,505 each year for contracted services, a \$429,040 increase over the \$98,465 spent in fiscal 1994 for road right-of-way surveys, seed viability testing, nutrient and pathological testing, road maintenance, tree thinning, and reforestation to improve forest health and benefit the land trusts.

7) **Federal Fire Reimbursements** - The legislature approved the executive request for \$100,000 federal funds each year, or \$58,968 more than was spent in fiscal 1994, to spend federal fire reimbursements for program operations. The authority is a portion of federal funds received as reimbursement for general fund the department spends in assisting federal agencies in fighting fires on lands under the jurisdiction of the federal government. Expenditures reduce general fund deposits.

8) **Federal Carry-over Funds** - The legislature approved the executive request for \$45,000 in fiscal 1996 of federal funds not spent in previous biennia for community forestry program training, marketing, and printing.

9) **Equipment** - The legislature approved the executive equipment request for a diesel truck tractor and miscellaneous pre-fire suppression equipment funded 2/3 general fund and 1/3 landowner assessments, forest management computer software, agricultural and landscaping equipment in the forest improvement program, miscellaneous equipment in the nursery program, computers in the slash and other services programs (general fund), and 4 vehicles in the service forestry program (general fund).

10) **BMP and SMZ Programs** - The legislature approved additional funding to contract for assistance in the Best Management Practices and Streamside Management Zone programs.

New Proposals

1) **Community Forestry FTE** - The legislature approved the executive request for 3.0 federally funded FTE to restore the urban forestry assistance program to the level authorized by the 1993 legislature. The 3.0 FTE currently exist and have been on-going for two biennia.

2) **Forest Products Sales Funding** - The legislature approved the executive request for an additional 6.0 FTE funded with state special revenue for increasing sale of state-owned timber from trust lands. The approval continues funding approved for the 1995 biennium in HB 652 to shorten the time to prepare, sell, and administer timber sales on state

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Community Forestry FTE	3.00	\$0	\$87,375	3.00	\$0	\$87,652
2 Forest Products Sales Funding	6.00	0	313,094	6.00	0	313,572
3 Aviation Support Equipment	0.00	17,820	27,000	0.00	0	0
4 HB201--Additional Timber Sales	9.00	0	562,368	12.00	0	545,076
5 SB234--Natural Resource Reorg.	0.00	0	0	(9.08)	(85,258)	(300,392)
6 Personal Services Reductions	(5.00)	(214,407)	(358,313)	(5.00)	(217,078)	(360,666)
7 Inter-Agency Fire Operations	0.00	0	50,000	0.00	0	50,000
Totals	13.00	(\$196,587)	\$681,524	6.92	(\$302,336)	\$335,242

lands. The funding for this new proposal is derived from timber sale revenue that would otherwise be distributed to the beneficiaries of the trusts, primarily the public school trust where, under current law, 95 percent of timber sale revenue flows to the school equalization aid account (SEA) and 5 percent is returned to the trust. Due to the passage of SB 83, revenue previously deposited to the SEA will be deposited in the general fund.

3) Aviation Support Equipment - The legislature approved funding to meet aviation safety standards that require "bubble doors" be installed on the pilot's sides of the helicopters.

4) HB 201--Additional Timber Sales - The legislature approved an additional 9.0 FTE in fiscal 1996 and 12.00 FTE in fiscal 1997 to implement HB 201 that would require the department to annually harvest 45-55 million board feet of timber from state lands. The funding for this new proposal is derived from timber sale revenue that would otherwise be distributed to the beneficiaries of the trusts, primarily the public school trust where 95 percent of timber sale revenue flows to the SEA (general fund) and 5 percent is returned to the trust. This new proposal was not included in the Executive Budget.

5) SB234--Natural Resource Agencies Reorganization - Contingent on passage and approval of SB 234, the legislature eliminated 9.08 FTE and implemented expected general fund reductions of \$85,258 and state special reductions of \$215,134 in fiscal 1997. The legislation combines the departments of State Lands, Natural Resources and Conservation, and Health and Environmental Sciences into newly created departments of Environmental Quality and Natural Resources and Conservation. The executive was given authority to allocate these reductions among programs in the new departments.

6) Personal Services Reductions - The legislature approved the executive request to eliminate 5.0 FTE and \$134,347 in fiscal 1996 and \$134,679 in fiscal 1997. Personnel reductions include 3.15 FTE for pre-fire suppression activity, 0.6 FTE in forest management, 0.2 in slash, and 1.05 in service forestry. In addition, a vacancy savings rate of 3.1 percent was applied to the Forestry Program for a reduction of \$223,966 in fiscal 1996 and \$225,987 in fiscal 1997. Funding for the decrease is \$214,407 general fund and \$143,906 state and federal special revenue in fiscal 1996, and \$217,078 general fund and \$143,588 state and federal special revenue in fiscal 1997. The funding reflects a request by the executive to increase general fund by \$70,997 in fiscal 1996 and \$70,489 in fiscal 1997 and decrease state and federal special revenue by like amounts.

7) Inter-Agency Fire Operations - The legislature approved the executive request for an additional \$50,000 each fiscal year of federal funds to implement a Legislative Auditor recommendation to properly reflect expenditures of USFS in the Central Land Office dispatch center rather than abate expenditures with revenue.

Language

"Item [Forestry Program] includes reductions of 9.08 FTE and \$85,258 in general fund money and \$215,134 in state special revenue money in fiscal year 1997 to implement the FTE and personal services savings due to the reorganization of the natural resource agencies, contingent on passage and approval of Senate Bill No. 234. The executive branch shall allocate these reductions among programs in the newly created departments of environmental quality and natural resource management. If Senate Bill No. 234 is not passed and approved, \$85,258 in general fund money and \$215,134 in state special revenue money for 9.08 FTE are appropriated to the [Forestry Program] in fiscal year 1997." (SB 83 was passed and approved.)

"Federal fire reimbursement funds are those funds received for expenses incurred from loaning department personnel to federal agencies to assist in fire suppression activities. Only those federal funds received as reimbursement of expenses credited against the department's state forestry operational budget are considered federal fire reimbursement funds. All other federal funds received must be deposited into the general fund. The department shall report federal fire reimbursement expenditures on state accounting records, and the records must be separate from current level operations."

"Item [HB 201--Additional Timber Sales] is contingent on passage and approval of House Bill No. 201." (HB 201 was passed and approved.)

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DEPARTMENT OF AGRICULTURE

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	107.49	(1.33)	2.33	108.49	(1.33)	2.33	108.49	108.49	108.49
Personal Services	3,160,022	250,181	(74,857)	3,335,346	255,526	(75,263)	3,340,285	6,675,631	
Operating Expenses	1,553,794	265,740	317,730	2,137,264	317,286	317,650	2,188,730	4,325,994	
Equipment	306,805	(34,205)	39,877	312,477	(92,205)	130,216	344,816	657,293	
Grants	3,051,768	(356,166)	0	2,695,602	(356,381)	0	2,695,387	5,390,989	
Benefits and Claims	1,000	(1,000)	0	0	(1,000)	0	0	0	0
Transfers	68,750	6,250	0	75,000	6,250	0	75,000	150,000	
Total Costs	\$8,142,139	\$130,800	\$282,750	\$8,555,689	\$129,476	\$372,603	\$8,644,218	\$17,199,907	
Fund Sources									
General Fund	467,821	6,225	0	474,046	(11,898)	0	455,923	929,969	
State/Other Special	6,916,651	21,891	161,321	7,099,863	34,889	205,144	7,156,684	14,256,547	
Federal Special	467,068	88,007	121,429	676,504	86,116	167,459	720,643	1,397,147	
Proprietary	216,168	11,753	0	227,921	15,454	0	231,622	459,543	
Expendable Trust	74,431	2,924	0	77,355	4,915	0	79,346	156,701	
Total Funds	\$8,142,139	\$130,800	\$282,750	\$8,555,689	\$129,476	\$372,603	\$8,644,218	\$17,199,907	

Agency Description

The Department of Agriculture, required by Article XII, Section 1 of the Montana constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. It collects and publishes agricultural production and marketing statistics relating to agricultural products; assists, encourages, and promotes the organization of farmers' institutes, agricultural societies, fairs, and other exhibitions of agriculture; adopts standards for grade and other classifications of farm products; coordinates in devising and maintaining economical and efficient marketing distribution systems; gathers and distributes marketing information concerning supply, demand, price, and movement of farm products; regulates production and marketing of food and fiber products; and registers pesticides and fertilizers and enforces laws pertaining to them.

The department reorganized in fiscal 1994. The Grain Laboratory Division (previously a separate program) is now included in the Agricultural Development Division. The Plant Industry Division (previously a separate program) is now included in the Agricultural Sciences Division. As part of the reorganization, 1.00 FTE was moved from the former Plant Industry Division to the Central Management Division. There were no reductions in FTE or budgeted expenditures as a result of this reorganization.

Summary of Legislative Action

The legislature largely approved the fiscal 1994 base. Major exceptions include a personal services decrease of 1.0 FTE and \$330,144 in the 1997 biennium to pay for a portion of the pay increase contained in HB 17, and increased funding for additional services supported by the agricultural industry and for equipment purchases. Increases for services in the 1997 biennium include \$489,274 state special revenue for Wheat and Barley Committee activity, 2.5 FTE and \$378,898 state special revenue to establish a grain sub-laboratory, \$300,000 to spend additional federal Environmental Protection Agency (EPA) funds for pesticide related activities, and \$104,551 for additional contract assistance in the Agricultural Sciences Program. A biennial reduction of \$1,266,372 in funding for noxious weed management reflects the on-going level revenue available for noxious weed activity, whereas the large base expenditures were a one-time occurrence.

Other Legislation

House Bill 395 - The legislature clarified that the cooperative agreements between state agencies and weed management districts must include integrated provisions for noxious weed management on state-owned land within the district. The six-year integrated noxious weed management plan is to be updated biennially, the board is required to submit a biennial performance report to the state weed coordinator in the Department of Agriculture, and applicable state agencies are required to submit a summary of all noxious weed actions to the state weed coordinator. The legislation appropriates \$18,865 to the department in fiscal 1996 from the noxious weed management state special revenue account to grant to the Department of Natural Resources and Conservation for development of the integrated noxious weed management plan. The grant must meet grant criteria set by the Department of Agriculture and the Noxious Weed Management Advisory Council. Although costs of \$18,916 were also identified in fiscal 1997 to fund 0.5 FTE in the Department of Natural Resources and Conservation, no grant appropriation authority was provided to the Department of Agriculture.

In addition to the above legislation appropriating funds to the department, the following legislation has a fiscal impact on the department.

House Bill 40 - The legislature repealed the contingent termination of the voluntary income tax checkoff for the Agriculture in Montana Schools program. The program would have been terminated if the amounts donated by income tax payers were less than \$20,000 each year for two consecutive years. The legislature appropriated \$10,977 each fiscal year in HB 2 of revenue expected from this source.

House Bill 445 - Effective January 1, 1996, the legislature established a Noxious Weed Seed Free Forage program and created the Montana Noxious Weed Seed Free Forage Advisory Council appointed by the director of the department. The department may provide for the administration and enforcement of the program, establishment of certification standards for forage, establishment of self-supporting fees, and certification inspections. The council advises the department in setting fees and adopting rules for certification standards, inspections, and penalties. Weed management districts are required to establish a special embargo program for the movement of forage into or out of the county. In HB 2, the legislature appropriated \$61,899 state special revenue each fiscal year to fund 0.5 FTE and associated operating costs to implement the legislation. Revenue sources are from new fees (\$33,800 each fiscal year) and the noxious weed management account (\$28,099 each fiscal year).

DEPARTMENT OF AGRICULTURE Agency Summary				EXECUTIVE BUDGET COMPARISON				
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	107.49	101.16	108.49	7.33	101.16	108.49	7.33	7.33
Personal Services	3,160,022	3,242,894	3,335,346	92,452	3,247,769	3,340,285	92,516	184,968
Operating Expenses	1,553,794	2,139,001	2,137,264	(1,737)	2,193,501	2,188,730	(4,771)	(6,508)
Equipment	306,805	312,477	312,477	0	344,816	344,816	0	0
Grants	3,051,768	2,605,602	2,695,602	90,000	2,605,530	2,695,387	89,857	179,857
Benefits and Claims	1,000	0	0	0	0	0	0	0
Transfers	68,750	75,000	75,000	0	75,000	75,000	0	0
Total Costs	\$8,142,139	\$8,374,974	\$8,555,689	\$180,715	\$8,466,616	\$8,644,218	\$177,602	\$358,317
Fund Sources								
General Fund	467,821	467,120	474,046	6,926	450,282	455,923	5,641	12,567
State/Other Special	6,916,651	6,913,544	7,099,863	186,319	6,971,918	7,156,684	184,766	371,085
Federal Special	467,068	683,430	676,504	(6,926)	727,611	720,643	(6,968)	(13,894)
Proprietary	216,168	233,525	227,921	(5,604)	237,422	231,622	(5,800)	(11,404)
Expendable Trust	74,431	77,355	77,355	0	79,383	79,346	(37)	(37)
Total Funds	\$8,142,139	\$8,374,974	\$8,555,689	\$180,715	\$8,466,616	\$8,644,218	\$177,602	\$358,317

Executive Budget Comparison

The legislature reduced present law by \$3,050 in fiscal 1997 due to the approval of greater deflation rates. The legislature increased grant authority to the Agriculture Development Council for the Growth Through Agriculture Act by \$90,000 each fiscal year and decreased the amount requested by the executive in the Department of Commerce by a like amount. Due to elimination of the statutory appropriation for the alfalfa seed committee by SB 83, the legislature appropriated \$34,420 in fiscal 1996 and \$34,419 in fiscal 1997 to fund 0.33 FTE and associated operating expenses.

The legislature did not approve the elimination of 4.00 of the 5.00 FTE requested by the executive as a new proposal in the Agricultural Sciences Division. However, vacancy savings was applied so that the total reduction equals the amount proposed by the executive. In addition, the legislature added 2.50 FTE to the grain sub-lab new proposal in the Agricultural Development Division at the request of the agency. The Executive Budget had proposed contracting for personnel assistance, but the legislature questioned the legality of contracting, rather than adding FTE, for this purpose. The legislature approved a new proposal for \$61,899 each fiscal year to fund 0.50 FTE and associated operating expenses to implement HB 445 (Noxious Weed Seed Free Forage Act).

620115 00000 DEPARTMENT OF AGRICULTURE		CENTRAL MANAGEMENT DIVISION							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		11.50	0.00	0.00	11.50	0.00	0.00	11.50	11.50
Personal Services	372,505	40,134	(1,195)	411,444	41,369	(1,236)	412,638	824,082	
Operating Expenses	98,516	23,816	0	122,332	(4,552)	0	93,964	216,296	
Equipment	7,991	4,609	0	12,600	14,609	0	22,600	35,200	
Total Costs	\$479,012	\$68,559	(\$1,195)	\$546,376	\$51,426	(\$1,236)	\$529,202	\$1,075,578	
<u>Fund Sources</u>									
General Fund	130,055	36,826	0	166,881	19,548	0	149,603	316,484	
State/Other Special	236,795	26,413	0	263,208	26,413	0	263,208	526,416	
Federal Special	76,235	6,410	(1,195)	81,450	6,555	(1,236)	81,554	163,004	
Proprietary	26,202	(485)	0	25,717	(485)	0	25,717	51,434	
Expendable Trust	9,725	(605)	0	9,120	(605)	0	9,120	18,240	
Total Funds	\$479,012	\$68,559	(\$1,195)	\$546,376	\$51,426	(\$1,236)	\$529,202	\$1,075,578	

Program Description

The Central Management Division performs technical, fiscal, and administrative support functions of the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

Funding

The Central Management Division is funded by assessments on revenue sources that support the department's programs. The percentage rates of 18.8 for fiscal 1996 and 18.2 for fiscal 1997 are applied against the personal services of each program and charged to each account. These percentages are determined by the ratio of the Central Management's budget to the sum of the agency's total personal services and 2.5 percent of grants. Exceptions to this method include: 1) the pesticide and groundwater accounts, which are not assessed a charge for the 1997 biennium; and 2) the grain services account, from which the 1993 legislature authorized a different method of assessing indirect costs based on personal services for just the 9.0 permanent FTE, and not the 13.4 temporary FTE.

Department personal services funded from federal accounts are assessed a rate of 20.69 percent, which is slightly lower than previous years. Also included in this program's funding is a 2.5 percent assessment on grants administered by the department. General fund finances the balance of the program's budget above the assessments. Due to reorganization, general fund support was increased by transferring \$20,000 of general fund from the Agricultural Sciences Division to this program to fund 1.0 FTE transferred from the former Plant Industries Division.

Present Law Adjustments

- 1) Personal Services - The increase is due primarily to unspent personal services in fiscal 1994, offset by retirement payouts and other non-budgeted expenses.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$40,134	\$41,369
2 Inflation/Deflation	33	(323)
3 Fixed Costs	17,441	(12,191)
<i>Other Present Law Adjustments</i>		
4 Equipment	\$4,609	\$14,609
5 Other	6,342	7,962
Total Present Law Adjustments	\$68,559	\$51,426

4) Equipment - The legislature approved the executive equipment request for 3 printers, 4 computers, a facsimile machine, and a computer file server.

5) Other - Other increases include additional funding for dues, public relations, and the statewide cost allocation plan.

6201 15 00000

New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997		
		General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions						
Totals						

New Proposals

1) Personal Services Reductions - The legislature approved the executive request of a vacancy savings rate of 0.3 percent.

DEPARTMENT OF AGRICULTURE**AGRICULTURAL SCIENCES DIV.****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	53.96	(1.33)	(0.17)	52.46	(1.33)	(0.17)	52.46	52.46
Personal Services	1,607,717	132,847	(136,152)	1,604,412	135,522	(136,378)	1,606,861	3,211,273
Operating Expenses	684,171	106,217	221,689	1,012,077	154,068	221,634	1,059,873	2,071,950
Equipment	168,649	27,751	20,477	216,877	(61,349)	87,616	194,916	411,793
Grants	2,220,452	(633,150)	0	1,587,302	(633,365)	0	1,587,087	3,174,389
Benefits and Claims	1,000	(1,000)	0	0	(1,000)	0	0	0
Total Costs	\$4,681,989	(\$367,335)	\$106,014	\$4,420,668	(\$406,124)	\$172,872	\$4,448,737	\$8,869,405
Fund Sources								
General Fund	138,300	(31,410)	0	106,890	(32,460)	0	105,840	212,730
State/Other Special	4,148,196	(412,862)	23,390	3,758,724	(448,565)	44,177	3,743,808	7,502,532
Federal Special	390,833	81,597	82,624	555,054	79,561	128,695	599,089	1,154,143
Proprietary	4,660	(4,660)	0	0	(4,660)	0	0	0
Total Funds	\$4,681,989	(\$367,335)	\$106,014	\$4,420,668	(\$406,124)	\$172,872	\$4,448,737	\$8,869,405

Program Description

The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory.

The Plant Industry Division was combined with this program in fiscal 1994. Duties include administering agricultural programs relating to the production, manufacturing, and marketing of commodities exported from or distributed in the state. Services are provided to the industry by: 1) performing professional insect/disease surveys; 2) performing medicated feed mill inspections; 3) issuing official grade commodity certificates; 4) issuing dealer licenses/permits; 5) registering products; and 6) performing analytical analyses of bees, seeds, fertilizer, feed, and grains. Program staff provide technical/scientific information upon request to industry and the general public. Staff investigate and resolve consumer complaints ranging from product contamination and quality control to elevator bankruptcies and non-payment for products.

Funding

The Agricultural Sciences Division's largest funding source is state special revenue collected from the \$1.50 noxious weed vehicle registration fee and noxious weed trust interest. Pesticide registration fees of \$150 per product are allocated \$80 to the groundwater state special revenue account and \$70 to the pesticide management state special revenue account. The pesticide management account also receives revenue from pesticide dealer, commercial and governmental applicator, and private farm applicator license fees. SB 334 (1993 legislature) increased pesticide dealer and applicator license fees 67 percent, private farm applicator license fees 233 percent, and governmental applicator license fees 50 percent to fund a disposal program for waste pesticides and pesticide containers. A portion of the farm applicator fee increase is allocated to the MSU Extension Service for educational and training programs. Other state special revenue is from commercial feed and fertilizer registration and inspection fees; mint assessments; anhydrous ammonia inspection fees; commodity inspection, testing, and license fees; and commercial dealer and public warehouse operators license fees. Federal funds are from the market services account, which completely funds the medicated feed program and portions of the pesticide and groundwater programs supported by the EPA.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$135,023	\$137,698	
2 Inflation/Deflation	8,516	12,668	
3 Fixed Costs	13,461	15,248	
<i>Other Present Law Adjustments</i>			
4 Contracted Services	\$40,635	\$63,916	
5 Reorganization	41,918	60,068	
6 Equipment	27,751	(61,349)	
7 Noxious Weed Grants	(633,150)	(633,222)	
8 Other	4,115	4,515	
9 HB576-Removal of Proprietary Funds	(5,604)	(5,666)	
Total Present Law Adjustments	<u>(\$367,335)</u>	<u>(\$406,124)</u>	

Present Law Adjustments

- 1) **Personal Services** - The increase is due primarily to unspent personal services in fiscal 1994 offset by retirement payouts and other non-budgeted expenses.
- 4) **Contracted Services** - The legislature approved the executive request for increases above the base to \$321,017 in fiscal 1996 and \$344,298 in fiscal 1997 in contracted service authority for pesticide management, groundwater management, agricultural commodities, and the Montana mint program.
- 5) **Reorganization** - The legislature approved the executive request for additional funding due to the reorganization of the former Plant Industry Division to this program, including staff training materials and increased travel expenses.

- 6) **Equipment** - The legislature approved the executive equipment request for 19 computers, 5 vehicles, laboratory equipment, and office and field monitoring equipment.
- 7) **Noxious Weed Grants** - The legislature approved the executive request for \$1.6 million state special revenue each fiscal year for noxious weed grants, a decrease of \$0.6 million per year from the \$2.1 million spent in fiscal 1994. Fiscal 1994 expenditures were high due to appropriations by the 1993 legislature to spend excess revenue available since the noxious weed trust reached the statutory cap of \$2.5 million.
- 8) **Other** - Other present law increases include increases for rent, dues, subscriptions, and state funds indirect cost recovery.
- 9) **House Bill 576 - Removal of Proprietary Funds** - Proprietary funding for the alfalfa leaf cutter bee advisory council was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The council is funded from alfalfa leaf-cutting bee certification (\$30/sample), registration (\$15/year), laboratory (\$20/sample), sampling (\$10/hr.) and wild trapping permits (\$10/board) fees. In action prior to passage of HB 576, the legislature had appropriated \$5,604 in fiscal 1996 and \$5,666 in fiscal 1997. In fiscal 1994, \$4,658 was spent.

New Proposals

- 1) **Pesticide/Groundwater Support** - The legislature approved the executive request for additional contracted services to contract with a clerical person to: a) assist the Technical Services Bureau in processing and issuing pesticide registration and licenses and filing related material; and b) assist the Field Services Bureau in preparing, typing, and filing groundwater correspondence and management plans.
- 2) **ASD - Pesticide Record-Keeping** - The legislature approved the executive request for an additional 0.33 FTE to enter into a cooperative agreement with United States Department of Agriculture (USDA) to assist certified farm applicators comply with pesticide application records. Approximately 150 farm applicators will be visited each year and provided educational materials.

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New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Pesticide/Ground Water Support			\$18,584		\$18,584
2 ASD-Pesticide Recordkeeping	0.33		13,909	0.33	13,909
3 Pesticide Equipment			4,000		50,350
4 Groundwater Equipment					13,800
5 Feeds & Fertilizer - Equip			16,477		23,466
6 HB445 Noxious Weed Seed Free	0.50		61,899	0.50	61,899
7 Personal Services Reductions	(1.00)		(158,855)	(1.00)	(159,136)
8 EPA Grant Funds			<u>150,000</u>		<u>150,000</u>
Totals	(0.17)		\$106,014	(0.17)	\$172,872

- 3) Pesticide Equipment - The legislature approved the executive equipment request to purchase a new vehicle, a new automatic extraction unit for extraction of pesticide residue from soil and vegetation, and computer software for the laboratory information system.
- 4) Groundwater Equipment - The legislature approved the executive equipment request to replace an evaporator for the laboratory, buy two new permanent well monitoring devices, and buy a new geographic position system.
- 5) Feed and Fertilizer Equipment - The legislature approved the executive equipment request to purchase an amino acid analyzer to test for nutritional value of feed and basic components of ion chromatography.
- 6) House Bill 445 - Noxious Weed Seed Free Act - The legislature provided funding for 0.5 FTE and associated operating expenses to implement legislation that charges the department with establishing, administering, and enforcing the Noxious Weed Seed Free Forage Program to certify forage as free from noxious weed seeds. The legislation also provides for a newly created advisory council to provide advice to the department. Funding is from new fees that are effective January 1, 1996 (\$28,099 each fiscal year) and the noxious weed management account (\$33,800 each fiscal year).
- 7) Personal Services Reductions - The legislature approved only 1.0 FTE (chemist) of the executive request to eliminate 5.0 FTE. However, a vacancy savings rate of 7.54 percent was applied for a decrease of \$131,354 in fiscal 1996 and \$131,634 in fiscal 1997 so that the total reduction equals the amount proposed by the executive.
- 8) EPA Grant Funds - The legislature approved the executive request for additional federal funds each year to supplement present law funding for updating EPA certification standards for restricted use pesticides, full implementation of the groundwater pesticide program, implementation of pesticide mixing/loading and storage standards, and completion of the pesticide worker protection program and the pesticide endangered species program.

Language

"Item [HB445--Noxious Weed Seed Free Act] is contingent on passage and approval of House Bill No. 445." (House Bill 445 was passed and approved.)

DEPARTMENT OF AGRICULTURE				AGRICULTURAL DEVELOPMENT					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		42.03	0.00	2.50	44.53	0.00	2.50	44.53	44.53
Personal Services	1,179,800	77,200	62,490	1,319,490	78,635	62,351	1,320,786	2,640,276	
Operating Expenses	771,107	135,707	96,041	1,002,855	167,770	96,016	1,034,893	2,037,748	
Equipment	130,165	(66,565)	19,400	83,000	(45,465)	42,600	127,300	210,300	
Grants	831,316	276,984	0	1,108,300	276,984	0	1,108,300	2,216,600	
Transfers	68,750	6,250	0	75,000	6,250	0	75,000	150,000	
Total Costs	\$2,981,138	\$429,576	\$177,931	\$3,588,645	\$484,174	\$200,967	\$3,666,279	\$7,254,924	
Fund Sources									
General Fund	199,466	809	0	200,275	1,014	0	200,480	400,755	
State/Other Special	2,531,660	408,340	137,931	3,077,931	457,041	160,967	3,149,668	6,227,599	
Federal Special	0	0	40,000	40,000	0	40,000	40,000	80,000	
Proprietary	185,306	16,898	0	202,204	20,599	0	205,905	408,109	
Expendable Trust	64,706	3,529	0	68,235	5,520	0	70,226	138,461	
Total Funds	\$2,981,138	\$429,576	\$177,931	\$3,588,645	\$484,174	\$200,967	\$3,666,279	\$7,254,924	

Program Description

The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the Rural Development, Wheat and Barley, and State Grain Laboratory bureaus. The State Grain Laboratory program was combined with this program in 1994. This function provides grades, protein determinations, malting barley germinations, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

Funding

The Agricultural Development Division is funded mostly with state special revenue consisting of wheat and barley sales tax revenue, grain testing fees, 0.76 percent of coal severance tax collections, alfalfa seed assessments, income tax check-offs for Agriculture in Montana Schools, and private donations. The coal severance tax collections fund grants and operations in the Agriculture Development Council for the Montana Growth Through Agriculture Act. The 1993 legislature replaced expendable trust funds with proprietary funds due to the passage of SB 85, which authorized the funding of the Crop Hail Insurance Unit from the proprietary fund rather than the expendable trust fund. The appropriation of these funds are maintained even with the passage of HB 576 because of a statutory requirement. The expendable trust fund finances the Rural Development program from interest earnings on rural development loans. General fund finances 88.1 percent of this division's administration, all of the agricultural marketing program, and 60.8 percent of the Agricultural Statistics program.

Present Law Adjustments

- 1) Personal Services - The increase is due to the net of reversions, the pay plan authorized by the 1993 legislature, increased benefits, retirement buyouts, termination payouts, and more work hours.
- 4) Agriculture in Montana Schools - The legislature approved the executive request to spend an estimated \$10,977 each fiscal year of the Agriculture in Montana Schools voluntary income tax check-off.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$65,764	\$67,197
2 Inflation/Deflation	6,306	9,027
3 Fixed Costs	16,330	17,475
<i>Other Present Law Adjustments</i>		
4 Agriculture in Montana Schools	\$6,800	\$6,800
5 Wheat and Barley Committee Dues	63,137	92,137
6 Wheat and Barley Grants	167,000	167,000
7 Ag. Devel. Council Grants/Transfers	116,154	116,154
8 Equipment	(66,566)	(45,465)
9 Other	20,231	19,430
10 Senate Bill 83 (0.33 FTE)	34,420	34,419
Total Present Law Adjustments	\$429,576	\$484,174

5) Wheat and Barley Committee Dues - The legislature approved the executive request for \$483,000 state special revenue in fiscal 1996 and \$512,000 in fiscal 1997 to pay dues to professional organizations including U.S. Wheat Associates, U.S. Feed Grains Council, Wheat Export and Trade Education Committee, Wheat Foods Council, National Barley Foods Council, and Wheat Quality Council.

6) Wheat and Barley Committee Grants - The legislature approved the executive request for \$968,300 state special revenue each year in grants for wheat and barley research and marketing to universities, professional societies, research grants, special projects, educational grants, and state agencies.

7) Agriculture Development Council Grants/Transfers - The legislature approved \$215,000 each fiscal year of coal severance tax collections as grants and transfers to the Agriculture Development Council for the administration of the Montana Growth Through Agriculture Act. The amount is \$90,000 greater than proposed by the executive for this department. However, the legislature reduced the executive request by a like amount in the Department of Commerce.

8) Equipment - The legislature approved the executive equipment request for grain laboratory equipment, 2 vehicles, 19 computers and printers, and a display booth.

10) Senate Bill 83 - Prior Statutory Appropriations - As a result of the passage of SB 83, all expenditures associated with the Alfalfa Seed Committee, which had been funded through a statutory appropriation in the 1995 biennium, are now appropriated in HB 2. In fiscal 1994, a total of \$23,110 was spent to fund 0.33 FTE and operating expenses for the committee. The 1997 biennium includes 0.33 FTE and \$34,420 in fiscal 1996 and \$34,419 in fiscal 1997, the amount appropriated in fiscal 1994.

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New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Grain Sub-Lab	2.50		\$135,310	2.50	\$163,410
2 Wheat/Barley Equipment			1,200		
3 Grain Lab Equipment			6,200		2,500
4 Personal Services Reductions			(4,779)		(4,943)
5 Agriculture Marketing Promo			40,000		40,000
Totals	2.50		\$177,931	2.50	\$200,967

New Proposals

- 1) Grain Sub-Lab - The legislature approved the executive request for an additional 2.5 FTE and state special revenue funding to establish another state grain laboratory in southeastern Montana in addition to the current laboratory in Great Falls.
- 2) Wheat/Barley Equipment - The legislature approved the executive equipment request to purchase a new multi-media video cassette player/television.
- 3) Grain Lab Equipment - The legislature approved the executive equipment request to purchase a new multi-media video cassette player/television, a new computer/printer, and a new telephone system.
- 4) Personal Services Reductions - The legislature approved the executive request to apply a 0.8 percent vacancy savings rate to reduce personal services in the grain laboratory program.
- 5) Agriculture Marketing Promotion - The legislature approved the executive request for additional federal funds received from the USDA to develop Christmas tree markets in Taiwan and the Republic of China and to promote other agricultural products.

Language

"The department is authorized to make grants to state agencies from the Growth Through Agriculture account as approved by the Montana Agriculture Development Council in accordance with Title 90, Chapter 9, MCA. The state agency that receives a grant from the Montana Agriculture Development Council is authorized additional appropriation authority equal to the grant amount."

"Because of elimination of the alfalfa seed committee statutory appropriation by Senate Bill No. 83, [Agricultural Development Division] has been increased by 0.33 FTE and \$34,420 in state special revenue in fiscal year 1996 and by \$34,419 in state special revenue in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that eliminates the statutory appropriation, then the state special revenue amounts in [Agricultural Development Division] are reduced by \$34,420 in fiscal year 1996 and by \$34,419 in fiscal year 1997." (Senate Bill 83 was passed and approved.)

DEPARTMENT OF COMMERCE

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	326.69	(165.05)	10.25	171.89	(165.05)	10.25	171.89	171.89
Personal Services	10,698,640	(5,101,560)	297,448	5,894,528	(5,074,685)	297,146	5,921,101	11,815,629
Operating Expenses	18,836,529	(12,352,070)	450,833	6,935,292	(12,553,548)	313,482	6,596,463	13,531,755
Equipment	412,529	(285,734)	239,575	366,370	(319,184)	37,600	130,945	497,315
Local Assistance	1,698,083	(1,698,083)	0	0	(1,698,083)	0	0	0
Grants	24,963,595	8,911,480	0	33,875,075	6,153,865	0	31,117,460	64,992,535
Transfers	144,918	(144,918)	0	0	(144,918)	0	0	0
Debt Service	15,484	(10,808)	0	4,676	(11,391)	0	4,093	8,769
Total Costs	\$56,769,778	(\$10,681,693)	\$987,856	\$47,075,941	(\$13,647,944)	\$648,228	\$43,770,062	\$90,846,003
Fund Sources								
General Fund	1,328,395	328,565	100,759	1,757,719	281,158	(663)	1,608,890	3,366,609
State/Other Special	16,431,696	(6,493,379)	795,139	10,733,456	(7,463,153)	588,498	9,557,041	20,290,497
Federal Special	24,720,292	9,772,516	91,958	34,584,766	7,823,446	60,393	32,604,131	67,188,897
Proprietary	14,289,395	(14,289,395)	0	0	(14,289,395)	0	0	0
Total Funds	\$56,769,778	(\$10,681,693)	\$987,856	\$47,075,941	(\$13,647,944)	\$648,228	\$43,770,062	\$90,846,003

Agency Description

The Department of Commerce is responsible for encouraging and promoting commerce-related activities in Montana through programs in four major areas: 1) economic development and promotion, which includes the Business Development Division, Pacific Rim and Canadian Trade Offices, Montana Promotion Division, Montana Health Facility Authority, Board of Investments, Montana Science and Technology Alliance, and the Census and Economic Information Services; 2) assistance to local governments, which includes the Local Government Assistance Division, Community Technical Assistance Program, Community Development Block Grant Program, Hard Rock Mining Board, Coal Board, and Local Government Audit Review and Systems Programs; 3) public safety, which includes programs responsible for activities related to public safety; and 4) assistance to individuals, which includes programs for Professional and Occupational Licensing, Weights and Measures, Building Codes, Financial Institutions Division, and the Board of Horse Racing. Assistance to individuals is also provided through the Board of Housing, Consumer Affairs Unit, and Section 8 housing programs. The Montana Lottery is also in the department. By actions of the 1995 legislature, the Milk Control Bureau was transferred to the Department of Livestock and the Coordinator of Indian Affairs was transferred to the Office of the Governor.

Reorganization

The legislature passed three reorganizational bills that affected the department. SB 4 transferred the Coordinator of Indian Affairs program to the Governor's Office for a biennial reduction of 2.0 FTE and \$216,465. HB 280 transferred the Milk Control Bureau to the Department of Livestock for a biennial reduction of 5.0 FTE and \$471,919. HB 68 transferred to the department the construction blasters, boiler and steam engine operators, and crane and host operators licensing functions from the Department of Labor and Industry and the fire suppression system licensing function from the Department of Justice, for a biennial increase of 2.5 FTE and \$193,730. HB 68 also transferred the boiler safety and inspection duties to the department from the Department of Justice for a biennial increase of 3.0 FTE and \$304,234.

Summary of Legislative Action

The legislature accepted the 1994 expenditure and FTE base and approved most of the executive present law adjustments. Major biennial exceptions include: 1) not appropriating lodging facility use tax revenue in HB 2 since it is already statutorily appropriated; 2) appropriating \$1.0 million of coal severance tax revenue to the Coal Board as grants, resulting in an estimated \$4.1 million reversion to the general fund; 3) elimination of 2.00 FTE and operating expenses in the Coordinator of Indian Affairs program that were associated with federal funds that will not be received (SB 4 subsequently transferred this program to the Governor's Office); and 4) an additional \$200,000 as contingency funding to the Hard Rock Mining Board.

Major new proposals include the following biennial changes: 1) a reduction of \$96,264 in personal services to fund a part of the pay plan bill (HB 17); 2) an increase of 3.25 FTE and \$481,674 for additional professional and occupational licensing (POL) board services; 3) an increase of 8.00 FTE and \$641,936 for additional building code inspections; and 4) an increase of \$222,355 for computer system upgrades.

Reorganization resulted in the transfer of: 1) the Coordinator of Indian Affairs program to the Governor's Office - SB 4; 2) the transfer of the Milk Control Bureau to the Department of Livestock - HB 280; 3) professional licensing functions from the departments of Labor and Industry and Justice to the POL Bureau - HB 68; and 4) boiler safety inspection duties from the Department of Labor and Industry to the Building Codes Bureau - HB 68.

Passage of other legislation resulted in the following changes over the 1997 biennium: 1) an increase of \$12,000 in the POL - SB 171; 2) an increase of \$50,000 in the Economic Development Division - SB 311; 3) an increase of \$10,384 in the Board of Horse Racing - SB 242; 4) a funding switch of \$14,000 state special revenue to general fund - SB 83; and 5) a reduction of 134.59 FTE and \$25,967,262 proprietary funds - HB 576.

Other Legislation

House Bill 11 - The legislature appropriated \$4,991,029 for the 1997 biennium in interest earnings from the treasure state endowment fund within the permanent coal tax trust fund. The appropriation is to finance grants to 15 local government entities for water, sewer, and bridge infrastructure projects.

House Bill 354 - The legislature appropriated \$3.25 million from the coal severance tax permanent fund for the microbusiness finance program. The department loans up to \$250,000 of the funds to each certified microbusiness development corporation (MBDC). The limit on the amount of the loan MBDC can make to a qualified microbusiness was increased from \$20,000 to \$35,000. Interest paid on the loans is used to fund the department's and MBDC's costs of administering the program. The microbusiness finance program was begun by the 1991 legislature with the passage of HB 477, which appropriated \$3.25 million from the in-state investment fund to initiate the program.

In addition to the above legislation appropriating funds to the department, the following legislation has a fiscal impact on the department.

House Bill 30 - Prior statutes directed the Board of Investments to invest up to 25 percent of the permanent coal tax trust fund in the Montana economy. The legislature clarified that the calculation includes the coal severance tax bond fund, treasure state endowment fund, clean coal technology demonstration fund, coal severance tax income fund, and the coal severance tax school bond contingency loan fund.

House Bill 280 - The legislature transferred the Milk Control Bureau to the Department of Livestock beginning fiscal 1996.

House Bill 473 - The legislature made revisions to local subdivision laws and expressed its intent that the department update its model subdivision rules to minimize the fiscal impacts to local governments in implementing the revisions.

Although \$16,000 general fund each fiscal year in costs were identified to update model subdivision rules, no additional appropriations were authorized in HB 2.

House Bill 576 - Because of this legislation, which eliminated the requirement that proprietary funds be appropriated, 134.59 FTE and proprietary appropriations of \$13,175,751 in fiscal 1996 and \$12,791,511 in fiscal 1997 were removed from HB 2.

House Bill 601 - The legislature repealed the license requirement for public contractors. Subsequent to the passage of this legislation, the legislature appropriated \$15,000 general fund in HB 2 each fiscal year to the POL bureau for the function of licensing public contractors. This appropriation still remains in HB 2. Repeal of the license requirement results in an estimated \$510,000 biennial reduction in general fund revenue.

Senate Joint Resolution No. 21 - The legislature created an interim committee to study the organization and composition of the POL boards of the department and to develop recommendations regarding boards' authority to determine scope of practice issues and to resolve other issues. A report on the findings and recommendations is to be presented to the 55th Legislature.

Senate Bill 4 - The legislature transferred the Coordinator of Indian Affairs program to the Governor's Office beginning fiscal 1996.

Senate Bill 38 - The legislature passed the job investment act authorizing the department to loan a portion of the permanent coal tax trust to businesses to create and retain jobs. The department sets the rate of interest on loans, which must be greater than the prevailing market rate. Private lenders must at least match the amount of the job investment loan. Up to 20 percent of interest payment on loans fund the costs to administer the program. A loan review committee is established to administer the program and recommend to the Montana Board of Science and Technology Development loan approval or disapproval. A loan to a qualified business may not exceed \$500,000. The department is to report annually to the Revenue Oversight Committee on the performance of the program.

The legislation also reduced the amount of permanent coal tax trust funds that the Board of Investments allows the Montana Board of Science and Technology Development to invest in seed capital loans from \$15.5 million to \$12.5 million and expanded the loans to include mezzanine financing. In addition, the amount of permanent coal tax trust funds available for research and development projects was increased from \$8.1 million to \$11.1 million and the use of money limited to matching funds for research and development projects at Montana public universities. The authority for seed capital loans and funding of research projects at universities expires June 30, 1997. The Board of Science and Technology Development was given the authority to reinvest seed capital loan repayments in new loans. Although \$18,000 in fiscal 1996 and \$80,000 in fiscal 1997 in costs were identified to administer the program, no additional appropriations were authorized in HB 2.

Senate Bill 83 - The legislation generally revised dedicated revenue provisions and statutory appropriations. Fiscal impacts to the department include: 1) de-earmarking of Board of Horse Racing fines to the general fund (a general fund appropriation was provided to replace the lost state special revenue); 2) combining coal severance tax revenue allocations for local impact and county land planning with three other allocations to form a single state special revenue account; 3) eliminating the statutory appropriation for the microbusiness finance program (appropriations for this program were provided in HB 2); and 4) eliminating the statutory appropriation for the transfer of lottery profits to the SEA and de-earmarking all lottery profits to the general fund.

Senate Bill 100 - The legislature authorized the Board of Investments to make a loan from the Montana permanent coal tax trust fund to enhance economic development and create jobs if the loan will result in the creation of a business estimated to employ at least 2,000 people in Montana. Such a loan to a local government may not exceed \$20 million. The loan must be to build infrastructure such as water and sewer systems, water and sewage treatment facilities, and roads. The legislation authorizes the local government to charge fees to the users of the infrastructure

and entitles the business created by the loan to a credit against corporate or income taxes for fees paid for the infrastructure.

Senate Bill 171 - The legislature provided for the licensing, supervision, and continuing education of physical therapist assistants. In HB 2, \$6,000 each fiscal year is appropriated to implement this legislation. Funding is from new fees (\$2,575 in fiscal 1996 and \$925 in fiscal 1997) and existing fees (\$3,425 in fiscal 1996 and \$5,075 in fiscal 1997).

Senate Bill 242 - The legislature expanded the Board of Horse Racing from five members to seven. The members are appointed by the governor. In HB 2, \$5,192 each fiscal year is appropriated to implement this legislation.

Senate Bill 311 - The legislation requires the department to develop a plan by January 1, 1997 to establish a business registration and licensing system. It also establishes a board of review to provide policy direction to the department in designing and recommending to the legislature the implementation of the plan. The board consists of the directors of various affected agencies. In HB 2, \$50,000 general fund is appropriated over the 1997 biennium to implement this legislation.

Senate Bill 408 - The legislature expanded the authority of the director of the department to include entering into contracts for the sale of lottery tickets and chances and for other services, with the concurrence of the Lottery Commission. The legislation also exempts contracts entered into by the Montana state lottery that are less than \$250,000 from the Montana Procurement Act of 1983. Although it is expected that lower prices for prize merchandise and other goods and services can be achieved through direct contract negotiations, the legislature did not reduce appropriations in HB 2. Because of the passage of SB 83, net revenues (after program expenses) are deposited in the general fund.

6501 00 00000 DEPARTMENT OF COMMERCE Agency Summary									
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97	
FTE	326.69	322.81	171.89	(150.92)	322.81	171.89	(150.92)	(150.92)	
Personal Services	10,698,640	11,186,529	5,894,528	(5,292,001)	11,236,264	5,921,101	(5,315,163)	(10,607,164)	
Operating Expenses	18,836,529	19,785,445	6,935,292	(12,850,153)	19,130,231	6,596,463	(12,533,768)	(25,383,921)	
Equipment	412,529	631,191	366,370	(264,821)	314,890	130,945	(183,945)	(448,766)	
Local Assistance	1,698,083	1,827,000	0	(1,827,000)	1,881,810	0	(1,881,810)	(3,708,810)	
Grants	24,963,595	38,604,330	33,875,075	(4,729,255)	31,117,460	31,117,460	0	(4,729,255)	
Transfers	144,918	0	0	0	0	0	0	0	
Debt Service	15,484	11,382	4,676	(6,706)	4,093	4,093	0	(6,706)	
Total Costs	\$56,769,778	\$72,045,877	\$47,075,941	(\$24,969,936)	\$63,684,748	\$43,770,062	(\$19,914,686)	(\$44,884,622)	
Fund Sources									
General Fund	1,328,395	1,614,514	1,757,719	143,205	1,589,989	1,608,890	18,901	162,106	
State/Other Special	16,431,696	22,380,973	10,733,456	(11,647,517)	16,641,381	9,557,041	(7,084,340)	(18,731,857)	
Federal Special	24,720,292	34,578,432	34,584,766	6,334	32,604,790	32,604,131	(659)	5,675	
Proprietary	14,289,395	13,471,958	0	(13,471,958)	12,848,588	0	(12,848,588)	(26,320,546)	
Total Funds	\$56,769,778	\$72,045,877	\$47,075,941	(\$24,969,936)	\$63,684,748	\$43,770,062	(\$19,914,686)	(\$44,884,622)	

Executive Budget Comparison

The legislature removed two double appropriations in the Executive Budget: 1) since the accommodation tax funding in the Economic Development and Montana Promotion divisions is already statutorily appropriated, the legislature

did not appropriate funding in HB 2 for 21.33 FTE and expenses totaling \$7,097,527 in fiscal 1996 and \$7,171,960 in fiscal 1997 with accommodations tax, as requested by the executive; and 2) the legislature reduced equipment that was double appropriated in the Executive Budget by \$97,960 in fiscal 1996 and \$82,595 in fiscal 1997.

The legislature reduced recharges paid by the Professional and Occupational Boards by \$117,923 in fiscal 1996 and \$35,985 in fiscal 1997 that were overstated in the Executive Budget. It eliminated \$90,000 each fiscal year of Growth Through Agriculture funding in the Economic Development Division, but increased grant authority in the Department of Agriculture by like amounts. Since it was felt that impacts from coal developments have already been ameliorated, the legislature eliminated \$4,729,255 of the \$5,729,255 of coal severance tax funding in fiscal 1996 used by the executive as a biennial appropriation to fund grants by the Coal Board, but appropriated \$1,000,000 contingent on the Bull Mountain mine becoming productive. The legislature reduced operating expenses for the Treasure State Endowment program by \$21,748 in fiscal 1996 and \$20,103 in fiscal 1997. Since the Executive Budget requested 2.0 FTE and funding of \$64,250 in fiscal 1996 and \$64,785 in fiscal 1997 in the Coordinator of Indian Affairs program with federal funds that will not be received, the legislature eliminated the FTE and expenses. The legislature did not approve an additional \$16,855 each fiscal year the executive had requested in the Building Codes Bureau operations because of low expenditures in the base year due to the program not being fully staffed. Miscellaneous funds totaling \$976 in fiscal 1996 and \$14,811 in fiscal 1997 were also eliminated. The legislature added \$20,000 general fund in fiscal 1996 to provide necessary economic adjustments for Cascade County caused by any reduction in the Malmstrom Air Force Base.

At the request of the executive, the legislature added \$100,000 each fiscal year, not included in the Executive Budget, as contingency funding for the Hard Rock Mining Board to fund unexpected board expenses and added \$15,000 general fund each fiscal year to fund licensing of public contractors.

The legislature did not approve a \$4,084 personal services reduction new proposal in fiscal 1996 and \$4,263 in fiscal 1997 since it was funded with statutorily appropriated accommodation tax revenue. The Lottery new proposal was reduced by \$60,000 each year and the new proposal in the Professional and Occupational Licensing Bureau for personnel reductions was reduced for an increase of 0.5 FTE and \$10,915 proprietary funds in fiscal 1996 and \$10,947 in fiscal 1997. Five additional new proposals were added: 1) \$97,013 state special revenue in fiscal 1996 and \$96,717 in fiscal 1997 to fund 2.5 FTE and associated expenses in the Professional and Occupational Licensing Bureau due to HB 68 which transferred professional licensing functions from the departments of Labor and Industry and Justice; 2) \$6,000 each fiscal year in the Professional and Occupational Licensing Bureau to implement SB 171 which revises physical therapist laws; 3) \$50,000 general fund in fiscal 1996 in the Economic Development Division to implement SB 311 directive to develop a business licensing plan; 4) \$151,685 state special revenue in fiscal 1996 and \$152,549 in fiscal 1997 in the Building Codes Bureau to fund 3.0 FTE and associated expenses in the Building Codes Bureau due to HB 68 which transferred boiler safety functions from the departments of Labor and Industry; and 5) \$5,192 state special revenue each fiscal year to implement SB 242 which adds two new board members to the Board of Horse Racing. In addition, at the request of the executive, the legislature approved a funding switch in new proposals in the Director/Management Services Program that increased general fund by \$51,205 in fiscal 1996 and decreased other funds by a like amount. Due to SB 83, \$7,000 of state special revenue each fiscal year in the Board of Horse Racing program was changed to general fund.

As a result of passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, \$26,320,546 proprietary funds requested by the executive for the 1997 biennium and 134.59 FTE were removed from HB 2.

6501 01 00000 DEPARTMENT OF COMMERCE		BUSINESS REGULATORY SERVICES							
<u>Program Summary</u>		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		1.00	(1.00)	0.00	0.00	(1.00)	0.00	0.00	0.00
Personal Services	78,757	(78,757)		0	0	(78,757)	0	0	0
Operating Expenses	9,069	(9,069)		0	0	(9,069)	0	0	0
Debt Service	400	(400)		0	0	(400)	0	0	0
Total Costs	\$88,226	(\$88,226)		\$0	\$0	(\$88,226)	\$0	\$0	\$0
<u>Fund Sources</u>									
Proprietary	88,226	(88,226)		0	0	(88,226)	0	0	0
Total Funds	\$88,226	(\$88,226)		\$0	\$0	(\$88,226)	\$0	\$0	\$0

Program Description

This program was eliminated through reorganization. In the November 1993 Special Session, the legislature approved a 0.78 FTE reduction in the program administrator position in fiscal 1995, since the incumbent was retiring in fiscal 1995. The Public Safety program provided for the administration, management, and coordination of activities of the Building Codes Bureau, Milk Control Bureau, Professional and Occupational Licensing Bureau, and Bureau of Weights and Measures. The legislature approved an additional 1.00 FTE in the weights and measures program to take over the supervisory duties.

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DEPARTMENT OF COMMERCE**WEIGHT & MEASURES BUREAU****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	10.50	0.50	0.00	11.00	0.50	0.00	11.00	11.00
Personal Services	291,601	41,278	(2,106)	330,773	42,267	(2,199)	331,669	662,442
Operating Expenses	146,916	(3,033)	16,000	159,883	(2,074)	16,000	160,842	320,725
Equipment	85,332	(22,232)	32,700	95,800	(18,332)	20,000	87,000	182,800
Debt Service	197	(197)	0	0	(197)	0	0	0
Total Costs	\$524,046	\$15,816	\$46,594	\$586,456	\$21,664	\$33,801	\$579,511	\$1,165,967
Fund Sources								
General Fund	20,000	(20,000)	0	0	(20,000)	0	0	0
State/Other Special	504,046	35,816	46,594	586,456	41,664	33,801	579,511	1,165,967
Total Funds	\$524,046	\$15,816	\$46,594	\$586,456	\$21,664	\$33,801	\$579,511	\$1,165,967

Program Description

The Weights and Measures program is responsible for licensing, testing, inspecting, and calibrating all weighing and measuring devices. In addition, the program is responsible for maintaining minimum specifications of all petroleum products, licensing all petroleum dealers in Montana, and enforcing laws and regulations relating to quantity of all prepackaged commodities.

Funding

The Weights & Measures Bureau is entirely supported by state special fee revenue collected from license and inspection fees on weighing devices, petroleum dealers, and liquified petroleum dealers. In biennia prior to the 1995 biennium, the program was funded from the general fund and revenue collections were deposited to the general fund. HB 17, passed in the 1993 session, eliminated the fees for petroleum and liquefied petroleum dealer licenses from statute and gave rule authority to the department to set the fees. The department instituted regulations that more than doubled nearly all fees that had been set by statute. In addition, rules were amended that increased testing and certification fees for weighing devices by 150 percent. HB 70, also passed in the 1993 session, increased nearly all weighing device license fees by 150 percent. In fiscal 1994, collections exceeded expenditures by \$43,268.

Present Law Adjustments

- 1) Personal Services - Legislative action reflects the addition in fiscal 1995 of the remaining 0.5 FTE transferred to this program by the November 1993 Special Session when the Business Regulatory Services Program was eliminated.
- 4) Costs of Retirement/Program Elimination - The legislature approved the executive request for additional funding for travel and other operating expenses associated with the new position transferred from the eliminated Business Regulatory Services Program.
- 5) Indirect Costs - The legislature approved the executive request to increase indirect costs to support the Director/Management Services program due to an increased budget requested by the executive in that program.
- 6) Recharges for Eliminated Program - The legislature approved the elimination of recharges that are no longer necessary due to the elimination of the Business Regulatory Services Program.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$41,287	\$42,267
2 Inflation/Deflation	1,443	3,046
3 Fixed Costs	4,857	3,733
<i>Other Present Law Adjustments</i>		
4 Costs of Retirement/Program Elimination	\$11,798	\$11,798
5 Indirect Costs	3,089	3,089
6 Recharges for Eliminated Program	(25,020)	(25,020)
7 Equipment	(22,414)	(18,332)
8 Other	776	1,083
Total Present Law Adjustments	\$15,816	\$21,664

6501 02 00000		New Proposals					
New Proposal	FTE	Fiscal 1996			Fiscal 1997		
		General Fund	Total Funds	FTE	General Fund	Total Funds	
1 Petroleum Testing			\$16,000			\$16,000	
2 Weights & Measures Equipment			32,700			20,000	
3 Personal Services Reductions			(2,106)			(2,199)	
Totals			\$46,594			\$33,801	

New Proposals

- 1) Petroleum Testing - The legislature approved the executive request for additional funding for petroleum testing. The additional authority would allow sampling 40 gasoline pumps per year to test the octane level.
- 2) Weights & Measures Equipment - The legislature approved the executive equipment request to purchase a slab weight and dolly for the 2.5 ton tandem requested in present law, two 100 gallon field provers, a 2,000 pound lab standard, seven class F gram kits, and a 30 kilogram mass comparator.
- 3) Personal Services Reductions - The legislature approved the executive request to apply a 0.63 percent vacancy savings rate.

DEPARTMENT OF COMMERCE		BANKING & FINANCIAL DIVISION							
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	25.25	0.00	0.00	25.25	0.00	0.00	25.25	25.25	
Personal Services	731,462	127,418	(4,835)	854,045	131,437	(5,047)	857,852	1,711,897	
Operating Expenses	262,577	32,576	0	295,153	32,450	0	295,027	590,180	
Equipment	45,344	(10,484)	0	34,860	(29,749)	0	15,595	50,455	
Debt Service	482	(482)	0	0	(482)	0	0	0	
Total Costs	\$1,039,865	\$149,028	(\$4,835)	\$1,184,058	\$133,656	(\$5,047)	\$1,168,474	\$2,352,532	
Fund Sources									
State/Other Special	1,039,865	149,028	(4,835)	1,184,058	133,656	(5,047)	1,168,474	2,352,532	
Total Funds	\$1,039,865	\$149,028	(\$4,835)	\$1,184,058	\$133,656	(\$5,047)	\$1,168,474	\$2,352,532	

Program Description

The Financial Division program is responsible for: 1) chartering and supervising state-chartered banks and trust companies, savings and loan associations, and credit unions; and 2) licensing and supervising consumer loan companies, sales finance companies, and escrow companies. The program also examines the operations of development corporations and certain loans of the Montana Board of Investments, and monitors prearranged funeral plans whose funds are on deposit in Montana banks, savings and loans, or credit unions. The State Banking Board, which is responsible for making final determinations on applications for certificates of authorization for new banks, branch banks, mergers, consolidations, and relocations of banks and advising the director of the Department of Commerce on matters relating to banking, is administratively attached to this program.

Funding

The Banking and Financial Division is funded from revenue generated from bank assessments and application fees, credit union supervisory and examination fees, consumer loan examination fees, and consumer loan/sales finance licenses.

Present Law Adjustments

- 1) Personal Services - The increase is primarily due to pay increases authorized by the 1993 legislature and vacancy savings due to not filling all the new 6.0 FTE authorized by the 1993 legislature by the beginning of the fiscal year.
- 4) Previous Budget Modification - The legislature approved the executive request for additional funding for travel expenses since the program was not fully staffed in the base year, and for additional indirect charges to fund the Director/Management Services Program.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$127,418	\$131,437	
2 Inflation/Deflation	2,971	3,998	
3 Fixed Costs	6,407	4,638	
<i>Other Present Law Adjustments</i>			
4 Previous Budget Modification	\$20,884	\$20,884	
5 Equipment	(10,484)	(29,740)	
6 Other	1,832	2,439	
Total Present Law Adjustments	\$149,028	\$133,656	

5) Equipment - The legislature approved the agency equipment request for 10 computers, 4 printers, a vehicle, and office equipment, but eliminated funding of \$34,860 in fiscal 1996 and \$15,595 in fiscal 1997 that was appropriated twice in the Executive Budget.

New Proposals						
New Proposal	FTE	Fiscal 1996			Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions			(\$4,835)			(\$5,047)
Totals			(\$4,835)			(\$5,047)

New Proposals

- 1) Personal Services Reductions - The legislature approved the executive request to apply a 0.56 percent vacancy savings rate.

Reorganization of the Milk Control Bureau

HB 280 transfers the Milk Control Bureau from the Department of Commerce to the Department of Livestock beginning in fiscal 1996. For a description and discussion of this program, please see the narrative under the Department of Livestock in Section C of Volume II.

6501 39 00000 DEPARTMENT OF COMMERCE		POL BUREAU							
Program Summary		Base Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	Total Leg. Budget
Budget Item	Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE	43.03	(25.00)	3.25	21.28	(25.00)	3.25	21.28	21.28	21.28
Personal Services	1,319,556	(648,449)	92,049	763,156	(644,971)	92,287	766,872	1,530,028	
Operating Expenses	2,882,761	330	156,974	3,040,065	(594)	152,364	3,034,531	6,074,596	
Equipment	127,012	(125,427)	2,305	3,890	(127,012)	0	0	0	3,890
Debt Service	802	(802)	0	0	(802)	0	0	0	0
Total Costs	\$4,330,131	(\$774,348)	\$251,328	\$3,807,111	(\$773,379)	\$244,651	\$3,801,403	\$7,608,514	
Fund Sources									
General Fund	0	15,000	0	15,000	15,000	0	15,000	15,000	30,000
State/Other Special	3,236,929	303,854	251,328	3,792,111	304,823	244,651	3,786,403	7,578,514	
Proprietary	1,093,202	(1,093,202)	0	0	(1,093,202)	0	0	0	0
Total Funds	\$4,330,131	(\$774,348)	\$251,328	\$3,807,111	(\$773,379)	\$244,651	\$3,801,403	\$7,608,514	

Program Description

The Professional and Occupational Licensing (POL) Bureau provides the administrative and clerical services required by the 36 licensing and regulatory boards authorized by statute as well as other professional licensing. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing legal staff and investigators to investigate legal infractions.

Reorganization

HB 68 transfers the licensing of construction blasters, boiler and steam engine operators, and crane and hoist operators to this division from the Department of Labor and Industry. It also transfers the licensing functions of the fire prevention and investigation program to this division from the Department of Justice.

Funding

The licensing boards in the POL Bureau are funded from state special revenue obtained from license fees set by each board. The administration costs are funded through assessments (recharges) on all boards and deposited in the proprietary fund. Each board pays the same percentage (approximately 52 percent) of its total budget to fund Administrative Services. Passage of HB 576 removed these proprietary appropriations from HB 2. General fund was included in fund licensing of public contractors, prior to the passage of HB 601, which eliminated the licensing requirement.

Present Law Adjustments

- 1) Personal Services - Legislative action reflects the transfer of 1.0 FTE from the Building Codes Division and 1.0 FTE from the Local Government Services Program to this program for the Board of Plumbers and the Electrical Board.
- 4) New Boards - Electricians & Plumbers - The legislature approved the executive request to transfer the boards of Electricians and Plumbers to the POL Bureau from the Building Codes Division. The transfers include an additional \$21,015 in the Board of Electricians for license checks, legal costs, and travel for inspectors, and an additional \$16,132

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$153,319	\$159,754
2 Inflation/Deflation	12,780	16,758
3 Fixed Costs	16,483	6,088
<i>Other Present Law Adjustments</i>		
4 New Boards - Electricians & Plumbers	\$37,147	\$37,147
5 Overtime, Per Diem, & Other Pers. Ser.	27,884	29,134
6 Contracted Services	208,311	206,911
7 Travel	62,817	64,554
8 Rent	16,505	17,156
9 Maintenance	8,984	8,984
10 Indirect Costs	14,883	15,448
11 Recharges	(125,926)	(130,811)
12 Equipment	(125,427)	(127,012)
13 Other	10,623	10,623
14 Public Contractor Licensing (gen. fund)	15,000	15,000
15 HB68 Reorganization (2.50 FTE)	97,013	96,717
16 HB576-Removal of Proprietary Funds	(1,204,744)	(1,199,830)
Total Present Law Adjustments	(\$774,348)	(\$773,379)

in the Board of Plumbers for license checks, Attorney General assistance, and travel for inspectors and board members.

5) **Overtime, Per Diem, & Other Personal Services** - The legislature approved the executive request for additional personal services funding for overtime, per diem, and miscellaneous expenses.

6) **Contracted Services** - The legislature approved the executive request for additional contracted services funding, primarily in the Board of Public Accountants and the legal contingency fund in Administrative Services. Appropriations for the \$70,841 yearly increases in Administrative Services were removed due to HB 576 (see number 16 below).

7) **Travel** - The legislature approved the executive request for additional travel funding due primarily to vacancy savings incurred in fiscal 1994 (less travel expenses were incurred), and to additional board meetings, inspections, board members, and out-of-state travel.

8) **Rent** - The legislature approved the executive request for additional funding for rent of meeting rooms and non-state owned buildings primarily for the Board of Nursing, the Board of Outfitters, the Board of Public Accountants, and Administrative Services. Appropriations for the increases in Administrative Services were removed due to HB 576 (see number 16 below).

9) **Maintenance** - The legislature approved the executive request for additional maintenance, primarily due to an increase of \$7,815 in Administrative Services for expired warranties on office equipment. Appropriations for the increases in Administrative Services were removed due to HB 576 (see number 16 below).

10) **Indirect Costs** - The legislature approved the executive request for additional indirect costs paid by the POL Bureau to support the Director/Management Services Program. Appropriations for the increases in Administrative Services were removed due to HB 576 (see number 16 below).

11) **Recharges** - The legislature approved \$1,191,744 in fiscal 1996 and \$1,186,859 in fiscal 1997 in all of the boards to fund the Administrative Services portion of the program. This is a decrease from the fiscal 1994 base.

12) **Equipment** - The legislature approved the executive request for office equipment replacement, which was considerably less than the \$127,012 spent in fiscal 1994.

14) **Public Contractor Licensing** - The legislature approved an additional \$15,000 general fund each fiscal year to fund costs associated with licensing of public contractors. As a result of the passage of HB 601, licensing of public contractors is no longer required.

15) **House Bill 68 Reorganization** - The legislature appropriated state special revenue to fund 2.5 FTE and associated operating expenses and reduced authority by like amounts in the Department of Labor and Industry and the Department of Justice due to the passage of HB 68 (see "Summary of Other Legislation" in the agency section).

16) HB 576-Removal of Proprietary Funds - Proprietary funding for Administrative Services (and 29.5 FTE) was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The proprietary fund receives revenue from a recharge to all boards based on a percentage (52.1 percent) of each board's budget necessary to generate the revenue to fund the budget of Administrative Services. In action prior to passage of HB 576, the legislature had appropriated \$1,204,744 in fiscal 1996 and \$1,199,830 in fiscal 1997, including 29.5 FTE. In establishing this level, the legislature maintained the fiscal 1994 FTE, increased the present law operating expenses levels by \$110,542 in fiscal 1996 and \$106,628 in fiscal 1997, and reduced funding by \$2,488 in fiscal 1996 and \$2,837 in fiscal 1997 to fund new equipment and part of the pay plan approved in the pay plan (HB 17).

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Bd of Medical Exam Equipment			\$2,305			
2 Prof/Occup Licensing	3.25		243,023	3.25		238,651
3 SB171 Physical Therapy Law Rev			6,000			6,000
Totals	3.25		\$251,328	3.25		\$244,651

New Proposals

- 1) Board of Medical Examiners Equipment - The legislature approved the executive request for additional funding to purchase 4 new file cabinets, a book case, a typewriter, and a paper shredder.
- 2) Professional & Occupational Licensing - The legislature approved an additional 3.25 FTE and \$243,023 in fiscal 1996 and \$238,651 fiscal 1997 for six boards.

Board of Outfitters - The legislature approved an additional 3.25 FTE and \$99,909 state special revenue in fiscal 1996 and \$100,165 in fiscal 1997 for additional administrative and law enforcement assistance.

Board of Medical Examiners - The legislature approved an additional \$55,614 state special revenue in fiscal 1996 and \$50,986 in fiscal 1997 for outside legal assistance, the Montana Wyoming Foundation, the Montana Professional Assistance Program, printing of law books, postage, photocopying, and per diem.

Private Investigators - The legislature approved an additional \$15,000 state special revenue each fiscal year to develop a training program together with the Montana Law Enforcement Academy, provide training manuals for trainers and security employees, and develop examinations.

Board of Pharmacy - The legislature approved an additional \$37,500 state special revenue each fiscal year to contract for an inspector to inspect 150 certified pharmacies.

Board of Social Workers - The legislature approved an additional \$30,000 state special revenue each fiscal year to conduct three or four two-day "Ethics and the Mental Health Professional" workshops.

Board of Real Estate Appraisers - The legislature approved an additional \$5,000 state special revenue each fiscal year to provide licensees with up-to-date editions of the Uniform Standards of Professional Appraisal Practice.

3) Senate Bill 171--Physical Therapy Law Revision - The legislature approved additional funding to implement legislation that provides for the licensing, supervision, and continuing education of physical therapist assistants. Funding is from new fees (\$2,575 in fiscal 1996 and \$925 in fiscal 1997) and existing fees (\$3,425 in fiscal 1996 and \$5,075 in fiscal 1997).

Language

"If House Bill No. 68 is not passed and approved, state special revenue in item [Professional and Occupational Licensing Bureau] is decreased by \$97,013 in fiscal year 1996 and by \$96,717 in fiscal year 1997." (House Bill 68 was passed and approved.)

"The appropriation in item [Legal Contingency] is to be used only for unexpected legal expenses in the weights and measures, building codes, and professional and occupational licensing programs."

6501 51 00000 DEPARTMENT OF COMMERCE Program Summary		ECONOMIC DEVELOPMENT DIVISION						
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	24.46	1.37	(1.00)	24.83	1.37	(1.00)	24.83	24.83
Personal Services	849,653	61,456	(38,837)	872,272	65,597	(39,162)	876,088	1,748,360
Operating Expenses	796,551	24,504	62,128	883,183	(153,677)	16,300	659,174	1,542,357
Equipment	25,084	(25,084)	7,372	7,372	(25,084)	3,200	3,200	10,572
Grants	2,178,559	1,101,441	0	3,280,000	1,106,441	0	3,285,000	6,565,000
Total Costs	\$3,849,847	\$1,162,317	\$30,663	\$5,042,827	\$993,277	(\$19,662)	\$4,823,462	\$9,866,289
Fund Sources								
General Fund	826,091	45,828	49,554	921,473	19,451	(663)	844,879	1,766,352
State/Other Special	467,759	(175,765)	(18,891)	273,103	(138,662)	(18,999)	310,098	583,201
Federal Special	2,555,997	1,292,254	0	3,848,251	1,112,488	0	3,668,485	7,516,736
Total Funds	\$3,849,847	\$1,162,317	\$30,663	\$5,042,827	\$993,277	(\$19,662)	\$4,823,462	\$9,866,289

Program Description

The Economic Development Division provides the direct technical assistance component of the state's economic development programs. The program's Small Business Development Center program has regional offices in Billings, Bozeman, Butte, Havre, Kalispell, Missoula, and Sidney to provide direct assistance to small businesses in finance, marketing, export, and data systems. The Microbusiness Finance Program, created by the 1991 legislature, loans permanent coal trust funds to certified microbusiness development corporations. The portion of CDBG funds in this program support economic development. The Business Location program provides research assistance to firms considering expansion in or relocation to Montana and seeks to attract firms in targeted industries to consider Montana locations. The Trade program helps Montana businesses compete in markets both worldwide and domestically.

In fiscal 1994, the department consolidated the Office of Research and Information Services Program with the Economic Development program. The program, renamed the Census and Economic Information Center (CEIC), provides a central information source for the department and Montana's economic community. It monitors and analyzes the Montana economy; conducts specific economic analysis projects; distributes economic, demographic, and business information; maintains and presents information on the department's economic development programs; and supports the department's research, informational, business development, and promotional activities.

Funding

The Economic Development Division is funded as shown in Table 1. General fund finances portions of the business development and trade programs. State special revenue funding consists of revenue from private funds, a portion of the coal severance tax collections distributed by the Montana Agriculture Council, Montana Capitol Company examination fees, and permanent coal tax trust earnings through the microbusiness administration program. Lodging facility use taxes are statutorily appropriated and are not appropriated in HB 2. Federal funds consist of community development block grants and interest from loans of federal funds, and small business development federal assistance.

Table 1
Economic Development Division Funding

Funding	Fiscal 1996	Fiscal 1997
General Fund	\$921,473	\$844,879
State Special Revenue		
Business Assistance Private	\$125,248	\$132,243
Lodging Facility Use Tax	0	0
Montana Capital Company Act	20,000	20,000
Microbusiness Finance Act	112,855	142,855
Census and Economic Information Center	15,000	15,000
Federal Funds		
Community Development Block Grant	\$3,325,832	\$3,326,066
EDA Revolving Loan Fund	20,000	20,000
Small Business Development Centers	372,419	322,419
Micro-Enterprise Grants	130,000	—
Total	\$5,042,827	\$4,823,462

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$61,456	\$65,597
2 Inflation/Deflation	6,141	7,111
3 Fixed Costs	12,140	6,657
Other Present Law Adjustments		
4 Contracted Services	\$220,572	\$47,572
5 Private Funds (US West Foundation)	58,994	58,326
6 Overseas Rent (general fund, SSR)	7,239	7,239
7 Maintenance Contracts	9,418	9,418
8 Eliminate Growth Through Ag. Funding	(90,000)	(90,000)
9 Eliminate Accommodation Tax Funding	(200,000)	(200,000)
10 Grants	1,101,441	1,106,441
11 Equipment	(25,084)	(25,084)
Total Present Law Adjustments	\$1,162,317	\$993,277

Present Law Adjustments

1) **Personal Services** - Legislative action reflects the November 1993 Special Session removal of 0.38 FTE in fiscal 1995, and the executive request to transfer the Office of Research and Information Services Program (renamed the Census and Economic Information Center) with 6.83 FTE and approximately \$310,000 each year of general fund to this program. In addition, 3.00 FTE are transferred from other programs to this program.

4) **Contracted Services** - The legislature approved the executive request for \$597,157 in fiscal 1996 and \$424,157 in fiscal 1997 for contracted services, including: a) continuation of the seven small business development centers; b) the National Institute of Standards; c) international trade program; d) technical assistance to local governments for economic development; e) pass-through of U.S. Department of Labor micro-enterprise grant funds; f) pass-through of U.S. Small Business Administration grant funds to assist low-income entrepreneurs; and g) several other minor grants.

Business Administration grant funds to assist low-income entrepreneurs; and g) several other minor grants.

- 5) Private Funds - The legislature approved the executive request for additional state special revenue authority to spend funds received from U.S. West Foundation for FastTrac, a series of training programs for entrepreneurs and business owners.
- 6) Overseas Rent - The legislature approved the executive request for \$14,059 general fund each fiscal year to pay leases for the Taipei office since lease subsidies have ended.
- 7) Maintenance Contracts - The legislature approved the executive request for \$13,000 each fiscal year for computer maintenance contracts, since 26 computers are no longer covered by the manufacturer's warranty.
- 8) Eliminate Growth Through Agriculture Funding - The legislature eliminated \$90,000 each fiscal year of Growth Through Agriculture funding, but increased grant authority in the Department of Agriculture by like amounts.
- 9) Eliminate Accommodation Tax Funding - Since lodging facility use tax funding is already statutorily appropriated, the legislature did not appropriate funding in HB 2 for expenses totaling \$200,000 each fiscal year as requested by the executive.
- 10) Grants - The legislature approved the executive request for \$3,280,000 in fiscal 1996 and \$3,285,000 in fiscal 1997 for grants, including CDBG program grants and grants from the U.S. West Foundation to micro-business development corporations.
- 11) Equipment - The legislature approved the executive request for no equipment in the 1997 biennium.

New Proposals						
New Proposal	FTE	Fiscal 1996		Fiscal 1997		Total Funds
		General Fund	Total Funds	FTE	General Fund	
1 Census 2000 Preparation		\$4,500	\$4,500		\$4,500	\$4,500
2 CEIC User Fee Recovery			15,000			15,000
3 SB311 Busi. Licensing System		50,000	50,000			
4 Personal Services Reductions	(1.00)	(4,946)	(38,837)	(1.00)	(5,163)	(39,162)
Totals	(1.00)	\$49,554	\$30,663	(1.00)	(\$663)	(\$19,662)

New Proposals

- 1) Census 2000 Preparation - The legislature approved the executive request for additional general fund each fiscal year to begin planning for the year 2000 census.
- 2) CEIC User Fee Recovery - The legislature approved the executive request for additional state special revenue each fiscal year to spend revenue from the sale of information. Department staff state that a new state special revenue account will be created and fees increased to generate the additional revenue.
- 3) Senate Bill 311--Business Licensing Plan - The legislature approved additional general fund to implement legislation that requires the department to develop a plan to establish a business registration and licensing system. The legislation also establishes a board of review to provide policy direction to the department.

4) Personal Services Reductions - The legislature approved the executive request to apply a 0.54 percent vacancy savings rate.

Language

"Item [SB 311--Business Licensing System Plan] is contingent on passage and approval of Senate Bill No. 311." (Senate Bill 311 was passed and approved.)

6501 52 00000 DEPARTMENT OF COMMERCE Program Summary		MONTANA PROMOTION DIVISION							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	20.33	(20.33)	0.00	0.00	(20.33)	0.00	0.00	0.00	
Personal Services	678,273	(678,273)	0	0	(678,273)	0	0	0	
Operating Expenses	4,758,780	(4,308,780)	0	450,000	(4,308,780)	0	450,000	900,000	
Equipment	36,021	(36,021)	0	0	(36,021)	0	0	0	
Local Assistance	1,698,083	(1,698,083)	0	0	(1,698,083)	0	0	0	
Debt Service	1,108	(1,108)	0	0	(1,108)	0	0	0	
Total Costs	\$7,172,265	(\$6,722,265)	\$0	\$450,000	(\$6,722,265)	\$0	\$450,000	\$900,000	
Fund Sources									
State/Other Special	7,172,265	(6,722,265)	0	450,000	(6,722,265)	0	450,000	900,000	
Total Funds	\$7,172,265	(\$6,722,265)	\$0	\$450,000	(\$6,722,265)	\$0	\$450,000	\$900,000	

Program Description

The Montana Promotion Division is responsible for generating revenues for Montana by increasing the number and expenditures of nonresident visitors and production companies (motion picture and television commercials) in the state. The program works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television companies. The program spends statutorily appropriated lodging facility use tax proceeds to provide training and assistance to the Montana tourism industry, oversee expenditures of six regional non-profit corporations, and provide tourism funding for nine specific cities where lodging facility use tax collections exceed \$140,000.

Funding

The Montana Promotion Division is funded from state special revenue received from the sale of advertising material, income from conferences, and income from other state agencies. Although the division receives state special revenue derived from 67.5 percent of lodging facility use tax revenue (after deductions for the amount of tax state employees paid [which are deposited to the general fund] and Department of Revenue collection costs), these funds are statutorily appropriated by section 15-65-121, MCA and are not appropriated in HB 2. The Montana Promotion Division distributes 22.5 percent of lodging facility use tax revenue to regional nonprofit tourism corporations and to certain cities, and keeps the remainder for tourism promotion and promotion of the state as a location for motion pictures and television commercials.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Other Present Law Adjustments</i>		
1 Personal Services	(\$678,273)	(\$678,273)
2 Equipment	(\$36,021)	(\$36,021)
3 Operating/Debt Service	(4,309,888)	(4,309,888)
4 Regional Tourism Corporations	(1,698,083)	(1,698,083)
Total Present Law Adjustments	(\$6,722,265)	(\$6,722,265)

Present Law Adjustments

1), 2), 3), and 4) - Since the lodging facility use tax funding in the Montana Promotion Division is already statutorily appropriated, the legislature did not appropriate funding in HB 2 for 21.33 FTE and expenses totaling \$6,897,527 in fiscal 1996 and \$6,971,960 in fiscal 1997, as requested by the executive. The legislature approved \$450,000 of private state special revenue funds each fiscal year that are not statutorily appropriated. Additional lodging facility use tax funding was removed from the Economic Development Division.

Table 2 shows the total present law budget of the program as originally proposed by the executive, including the private funds.

Table 2
Montana Promotion Division
Proposed Executive Budget*
1997 Biennium

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	Total Exec. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	Total Exec. Budget Fiscal 1997
FTE	20.33	1.00	21.33	1.00	21.33
Personal Services	\$678,273	\$24,904	\$703,177	\$28,239	\$706,512
Operating Expenses	4,758,780	58,570	4,817,350	74,858	4,833,638
Equipment	36,021	(36,021)	0	(36,021)	0
Local Assistance	1,698,083	128,917	1,827,000	183,727	1,881,810
Debt Service	1,108	(1,108)	0	(1,108)	0
Total Costs	\$7,172,265	\$175,262	\$7,347,527	\$249,695	\$7,421,960
Fund Sources					
State/Other Special	\$7,172,265	\$175,262	\$7,347,527	\$249,695	\$7,421,960

*Includes \$450,000 each year of private funds.

Language

"It is the legislature's intent that the Department of Commerce grant \$75,000 each year of statutorily appropriated lodging facilities use tax revenue to the Montana Historical Society to fund tours of the original governor's mansion and the state capitol, and for restoration of the original governor's mansion."

DEPARTMENT OF COMMERCE Program Summary		COMMUNITY DEVELOPMENT BUREAU						
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	25.75	1.75	0.00	27.50	1.75	0.00	27.50	27.50
Personal Services	830,488	110,166	(5,266)	935,388	113,829	(5,497)	938,820	1,874,208
Operating Expenses	767,446	282,830	65,890	1,116,166	282,379	65,890	1,115,715	2,231,881
Equipment	33,110	(7,360)	25,000	50,750	(23,860)	0	9,250	60,000
Grants	22,785,036	7,810,039	0	30,595,075	5,047,424	0	27,832,460	58,427,535
Total Costs	\$24,416,080	\$8,195,675	\$85,624	\$32,697,379	\$5,419,772	\$60,393	\$29,896,245	\$62,593,624
Fund Sources								
General Fund	236,954	51,105	0	288,059	50,194	0	287,148	575,207
State/Other Special	2,014,831	(335,692)	0	1,679,139	(1,341,380)	0	673,451	2,352,590
Federal Special	22,164,295	8,480,262	85,624	30,730,181	6,710,958	60,393	28,935,646	59,665,827
Total Funds	\$24,416,080	\$8,195,675	\$85,624	\$32,697,379	\$5,419,772	\$60,393	\$29,896,245	\$62,593,624

Program Description

The Community Development Bureau provides assistance to local governments, private developers, and the public in public-works planning and financing; land use, development, and financing; low income rent assistance; coal and hard rock mining impact mitigation; and general local government research and development. The program includes the following boards and programs. The Coal Board provides grants to local governments where adverse impacts have occurred as a result of large-scale coal development. The Hard-Rock Mining Impact Board assists mineral developers and local governments in preparing and implementing impact plans for new, large-scale, hard-rock mining developments; arbitrates disputes; makes determinations on impact plan waivers; and generally implements the Hard Rock Mining Impact Act. The Community Assistance program provides technical assistance to local developers, local officials, and others on capital improvement planning and budgeting, land use and zoning regulation, and financing public works projects, in addition to researching special local policy issues and distributing the County Land Planning funds. The Housing Investment Partnership (HOME) program implements the Comprehensive Housing Affordability Strategy (CHAS) plan which Montana is required to have. The Section 8 Housing Assistance program provides financial assistance for rental housing to the needy and provides financial assistance and guarantees to rental housing developers to improve the housing stock available to needy Montanans. The Community Development Block Grant (CDBG) program receives, awards, and administers federal Housing and Urban Development (HUD) funds to assist local governments with public facility and housing needs to benefit low to moderate income people. The Treasure State Endowment program provides administrative assistance for the Treasure State Endowment program which provides grants and loans for infrastructure projects.

Funding

The Community Development Bureau and its eight programs are funded as shown in Table 3. The Coal Board is funded with 6.65 percent of total coal tax collections. The Hard Rock Mining Board is funded from the metalliferous mines license tax. The Community Assistance program is funded entirely with general fund. The County Land Planning function is funded with 0.38 percent of total coal tax collections. The HOME program is funded with federal HUD grants. The Community Development Block Grant program is funded with general fund and federal block grant funds. The Treasure State Endowment program is funded from interest earnings from the permanent coal tax trust.

Table 3
Community Development Bureau Funding
1997 Biennium

Fiscal Year/Program	General Fund	Coal Sev. Tax Interest	Hard Rock Mining	Co. Land Planning	Local Impact	Federal Funds	Total Funds
Fiscal 1996							
Coal Board					\$1,093,801		\$1,093,801
Hard Rock Mining Board			\$204,362				204,362
Community Assistance	\$161,059						161,059
County Land Planning				\$166,301			166,301
HOME Program						\$5,991,675	5,991,675
Section 8 Housing						17,883,900	17,883,900
Comm. Devel. Block Grant	127,000					6,768,982	6,895,982
Treasure State Endowment		\$214,675					214,675
New Proposals						85,624	85,624
Total Fiscal 1996	\$288,059	\$214,675	\$204,362	\$166,301	\$1,093,801	\$30,730,181	\$32,697,379
Fiscal 1997							
Coal Board					\$93,204		\$93,204
Hard Rock Mining Board			\$202,775				202,775
Community Assistance	\$160,364						160,364
County Land Planning				161,085			161,085
HOME Program						\$3,998,568	3,998,568
Section 8 Housing						18,112,932	18,112,932
Comm. Devel. Block Grant	126,784					6,763,753	6,890,537
Treasure State Endowment		\$216,387					216,387
New Proposals						60,393	60,393
Total Fiscal 1997	\$287,148	\$216,387	\$202,775	\$161,085	\$93,204	\$28,935,646	\$29,896,245

Present Law Adjustments

- 1) Personal Services - The increase is due to the net of reversions, the pay plan authorized by the 1993 legislature, increased benefits, and termination payouts. Legislative action reflects the transfer in of 1.0 FTE from the Local Government Services Program.
- 4) Coal Board - Contingent on the Bull Mountain mine project becoming productive, the legislature approved \$1.0 million as a biennial appropriation for Coal Board grants. The revenue is derived from 6.65 percent of coal severance tax collections. In fiscal 1994, \$1,494,835 was spent.
- 5) Hard Rock Mining Board - The legislature approved the executive request for \$104,362 state special revenue in fiscal 1996 and \$102,893 in fiscal 1997 to pay total program cost and \$100,000 each fiscal year as a contingency fund to pay unexpected board expenses.
- 6) Community Assistance - The legislature approved the executive request for increased general fund for operating costs and equipment purchases.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$107,616	\$111,279
2 Inflation/Deflation	9,877	14,274
3 Fixed Costs	22,905	6,391
<i>Other Present Law Adjustments</i>		
4 Coal Board Grants (biennial)	(494,835)	(1,494,835)
5 Hard Rock Mining Board Operating, Equipment, Per Diem	2,927	1,199
Contingency Fund	100,000	100,000
6 Community Assistance Operating & Equipment (gen. fund)	7,729	6,202
7 County Land Planning Grants	10,715	5,499
8 HOME Program Operating & Equipment Grants	12,041 3,992,595	10,309 2,002,245
9 Section 8 Housing Operating & Equipment Grants	69,596 2,591,959	71,631 2,824,910
10 Community Development Block Grants Operating & Equipment Grants	53,183 1,709,605	50,194 1,709,605
11 Other	(238)	869
Total Present Law Adjustments	\$8,195,675	\$5,419,772

7) County Land Planning - The legislature approved the executive request for \$166,801 state special revenue in fiscal 1996 and \$161,085 in fiscal 1997 for county land planning grants. Revenue from 0.38 percent of coal severance tax collections funds this increase.

8) HOME Program - The legislature approved the executive request for \$9,990,246 federal funds for the 1997 biennium, including increases in operating costs, equipment, and grants totaling \$4,004,636 in fiscal 1996 and \$2,012,554 in fiscal 1997 over the \$1,995,356 spent in fiscal 1994.

9) Section 8 Housing - The legislature approved the executive request for \$35,997,488 federal funds in the 1997 biennium, including increases in operating expenses, equipment, and grants totaling \$2,661,555 in fiscal 1996 and \$2,896,541 in fiscal 1997 over the \$15,198,647 spent in fiscal 1994.

10) Community Development Block Grants - The legislature approved the executive request for \$13,327,735 federal funds in the 1997 biennium, including increases in operating expenses, equipment, and grants totaling \$1,762,788 in fiscal 1996 and \$1,759,799 in fiscal 1997 over the \$5,067,597 spent in fiscal 1994. The general fund match for the increased federal funds is \$127,000 each fiscal year.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 CDBG Consolidated Plan			\$65,890			\$65,890
2 Section 8 Housing Equipment			25,000			(5,497)
3 Personal Services Reductions			(5,266)			
Totals			\$85,624			\$60,393

New Proposals

1) CDBG Consolidated Plan - The legislature approved the executive request for additional federal funds each fiscal year to develop a new consolidated planning process for application requirements related to CDBG, HOME, and emergency shelter grants.

- 2) Section 8 Housing Equipment - The legislature approved the executive request for additional federal funds to purchase 10 new computers and 10 new printers for use by field staff for entering participant data at the local level.
- 3) Personal Services Reductions - The legislature approved the executive request to apply a 0.56 percent vacancy savings rate.

Language

"Item [Coal Board Grants] is contingent on the Bull Mountain mine project becoming productive. It is the intent of the legislature that the coal board grant the funds for impacts associated with the Bull Mountain mine project, contingent upon meeting coal board standards for grant approval."

DEPARTMENT OF COMMERCE Program Summary		LOCAL GOVT AUDIT & SYSTEMS BUR							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	28.50	(22.50)	0.00	6.00	(22.50)	0.00	6.00	6.00	
Personal Services	839,446	(600,446)	0	239,000	(598,659)	0	240,787	479,787	
Operating Expenses	260,239	(153,915)	0	106,324	(155,444)	0	104,795	211,119	
Transfers	144,918	(144,918)	0	0	(144,918)	0	0	0	
Debt Service	2,507	2,169	0	4,676	1,586	0	4,093	8,769	
Total Costs	\$1,247,110	(\$897,110)		\$350,000	(\$897,435)		\$349,675	\$699,675	
Fund Sources									
General Fund	144,919	205,081	0	350,000	204,756	0	349,675	699,675	
Proprietary	1,102,191	(1,102,191)	0	0	(1,102,191)	0	0	0	
Total Funds	\$1,247,110	(\$897,110)		\$350,000	(\$897,435)		\$349,675	\$699,675	

Program Description

Based on an executive recommendation, the legislature privatized the audit function. Previously, the state provided for the financial and compliance post auditing of the financial statements of local taxing jurisdictions in Montana, as required by law. These audits will now be conducted by private accounting firms. The auditing is designed to protect the taxpayers' interests by verifying that the financial conditions and operations are responsibly accounted for and reported and that local officials are complying with appropriate statutes and regulations. Remaining functions include the systems function and the audit review function. The systems function develops, implements, and maintains the uniform budgeting, accounting, and reporting systems for Montana cities, towns, counties, school districts, and other special purpose taxing jurisdictions. It provides technical assistance on accounting and reporting standards to local financial personnel and coordinates technical and procedural assistance between state agencies and local governments, and is the central state repository of annual budget documents and financial reports from counties, cities, and towns. The audit review function reviews all audits performed on local governments and local government's response to management letters contained in the audits.

Funding

General fund funds the systems portion of the program. Due to the passage of HB 576, proprietary revenue (derived from service fees assessed to local governments) in the systems and audit review functions of the program are no longer budgeted.

Present Law Adjustments

The legislature approved the executive request to privatize the audit function beginning fiscal 1996, and made the following changes from fiscal 1994 expenditure levels in the three program functions:

- 4) **Audit Function** - The legislature transferred funding for 7.75 FTE each fiscal year from the audit function to the: a) systems function - 3.50 FTE; b) audit review function - 0.25 FTE; c) Professional Occupational Licensing Bureau - 1.00 FTE; d) Economic Development Division - 2.00 FTE; and e) Community Development Program - 1.00 FTE. Proprietary funds were reduced due to operating cost reductions associated with the elimination of 15.00 FTE in the new proposal. The decreased proprietary fund appropriations in the audit function were removed due to HB 576 (see number 7 below).

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services - Base Adjustment	In Below	In Below	
2 Inflation/Deflation	In Below	In Below	
3 Fixed Costs	In Below	In Below	
<i>Other Present Law Adjustments</i>			
4 Audit Function			
FTE	-7.75	-7.75	
General Fund	\$0	\$0	
Proprietary Fund	(296,242)	(294,318)	
5 System Function			
FTE	3.50	3.50	
General Fund	205,081	204,756	
Proprietary Fund	(71,530)	(65,494)	
6 Review Function			
FTE	0.25	0.25	
General Fund	0	0	
Proprietary Fund	25,804	27,687	
7 HB576-Removal of Proprietary Funds	(760,223)	(770,066)	
Total Present Law Adjustments	(\$897,110)	(\$897,435)	

5) **System Function** - The legislature transferred funding for 3.50 FTE each fiscal year to this function from the audit function, increasing FTE from 2.50 to 6.00. General fund is increased by 142 percent to \$350,000 each fiscal year to fund the additional FTE and to replace the lost proprietary revenue due to the personnel reductions in the audit function. The decreased proprietary fund appropriations in the system function were removed due to HB 576 (see number 7 below).

6) **Audit Review Function** - The legislature transferred funding for 0.25 FTE each fiscal year to this function from the audit function. The increase in proprietary funding is due to increased personal services costs, operating costs, and equipment purchases. The increased proprietary fund appropriations in the audit review function were removed due to HB 576 (see number 7 below).

7) **House Bill 576-Removal of Proprietary Funds** - Proprietary funding for this program (and 4.00 FTE) was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The proprietary amounts receive revenue from: a)

charges to local governments for audits that are not performed by private firms (such as defalcation audits) and must be contracted for by the department - \$58,964 in fiscal 1996 and \$65,000 in fiscal 1997; and b) charges to local governments for filing completed financial reports required to be submitted to the department - \$219,016 in fiscal 1996 and \$220,899 in fiscal 1997. In action prior to passage of HB 576, the legislature had appropriated proprietary funds totaling \$277,977 in fiscal 1996 and \$285,896 in fiscal 1997, including 4.00 FTE. In establishing this level, the legislature approved the following new proposals for reductions due to the privatization of the audit function and rearrangement of funding and personnel for remaining present law duties.

New Proposals

Although the main table shows no proprietary funding for this program, the legislature had approved the following two new proposals prior to the passage of HB 576:

- 1) **Operating Expense Reduction** - The legislature approved the executive request to eliminate proprietary funding each fiscal year for travel requested in present law.
- 2) **Personal Services Reductions** - The legislature approved the executive proposal to eliminate all present law funding for the audit function. The audit function will be privatized beginning fiscal 1996 and this new proposal eliminates funding for the 15.00 FTE in the audit function.

DEPARTMENT OF COMMERCE Program Summary		LOCAL GOVT ASSISTANCE ADMIN							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	2.50	(2.50)	0.00	0.00	(2.50)	0.00	0.00	0.00	
Personal Services	115,711	(115,711)	0	0	(115,711)	0	0	0	
Operating Expenses	<u>11,569</u>	<u>(11,569)</u>	<u>0</u>	<u>0</u>	<u>(11,569)</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Costs	\$127,280	(\$127,280)	\$0	\$0	(\$127,280)	\$0	\$0	\$0	
Fund Sources									
Proprietary	<u>127,280</u>	<u>(127,280)</u>	<u>0</u>	<u>0</u>	<u>(127,280)</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Funds	\$127,280	(\$127,280)	\$0	\$0	(\$127,280)	\$0	\$0	\$0	

Program Description

The Local Government Assistance Administration program provides professional and legal services to twelve service and financial assistance programs. The program supervises the Community Development Bureau (which includes the Coal Board, Hard Rock Mining Board, and Housing Assistance program), and the Local Government Services Bureau (which includes the Audit Review and the Systems functions). As the result of the passage of HB 576, which eliminated the requirement that proprietary funds be appropriated by the legislature, this program is no longer budgeted.

House Bill 576

Removal of Proprietary Funds - All proprietary funding for this program was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, for a biennial reduction of 2.5 FTE and \$259,151. This function is supported through assessments on the Local Government Services and Community Development programs.

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DEPARTMENT OF COMMERCE
Program Summary
BUILDING CODES BUREAU

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	35.00	2.00	8.00	45.00	2.00	8.00	45.00	45.00
Personal Services	1,068,591	134,846	251,251	1,454,688	138,747	251,572	1,458,910	2,913,598
Operating Expenses	366,746	69,502	62,879	499,127	70,101	62,928	499,775	998,902
Equipment	0	1,500	0	1,500	1,500	0	1,500	3,000
Debt Service	1,770	(1,770)	0	0	(1,770)	0	0	0
Total Costs	\$1,437,107	\$204,078	\$314,130	\$1,955,315	\$208,578	\$314,500	\$1,960,185	\$3,915,500
Fund Sources								
State/Other Special	1,437,107	204,078	314,130	1,955,315	208,578	314,500	1,960,185	3,915,500
Total Funds	\$1,437,107	\$204,078	\$314,130	\$1,955,315	\$208,578	\$314,500	\$1,960,185	\$3,915,500

Program Description

The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical, energy, and elevator codes. This enforcement safeguards the public, employees, and property in the design and construction of buildings, built-in-Montana recreational vehicles, and factory-built buildings manufactured or offered for sale in Montana. When possible, the program approves and certifies local government code enforcement programs to utilize codes adopted by the program. The Public Contractor's program is administered and enforced by the program.

Administrative support, including licensing enforcement and licensing duties provided to the Board of Plumbers, State Electrical Board (both of which were formerly administratively attached to this program), and Public Contractors, were transferred to the Professional and Occupational Licensing Bureau.

Reorganization

HB 68 transfers the boiler safety and inspections to this division from the Department of Labor and Industry and establishes a boiler inspection fee.

Funding

The Building Codes Bureau is entirely funded from inspection fees deposited in the state special revenue fund.

Present Law Adjustments

- 1) Personal Services - The increase is primarily due to the net of fiscal 1994 vacancy savings and a transfer of 1.0 FTE to the Board of Plumbers and the Electrical Board in the Professional and Occupational Licensing Bureau.
- 4) Indirect & Legal Costs - The legislature approved the executive request for additional funding to pay indirect support to the Director/Management Services Division, and for legal fees and court costs.
- 5) Professional Organization Conferences - The legislature approved the executive request for staff to attend professional organization conferences and other seminars.
- 6) Books - The legislature approved the executive request for \$17,000 each fiscal year to purchase code books in quantity for resale to the public.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$39,177	\$42,656
2 Inflation/Deflation	3,110	5,935
3 Fixed Costs	11,197	8,247
<i>Other Present Law Adjustments</i>		
4 Indirect & Legal Costs	4,298	4,580
5 Professional Organization Conferences	3,500	3,500
6 Books	9,300	9,300
7 Recharges & Debt Service	(18,189)	(18,189)
8 HB68 Reorganization (3.00 FTE)	151,685	152,549
Total Present Law Adjustments	\$204,078	\$208,578

7) **Recharges and Debt Service** - Since the Public Safety program was eliminated in fiscal 1995, the legislature eliminated recharges that are no longer required. No debt service expenses were approved.

8) **House Bill 68 Reorganization** - The legislature appropriated state special revenue to fund 3.0 FTE and associated operating expenses and reduced authority by like amounts in the Department of Labor and Industry as a result of the passage of HB 68.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Electrical/Plumbing Inspectors	8.00		\$320,640	8.00		\$321,296
2 Personal Services Reductions			(6,510)			(6,796)
Totals	8.00		\$314,130	8.00		\$314,500

New Proposals

- 1) **Electrical/Plumbing Inspectors** - The legislature approved the executive request for an additional 8.00 FTE to perform additional electrical and plumbing inspections required because of the increase in construction activity and decertification of the county inspection program in Flathead County.
- 2) **Personal Services Reductions** - The legislature approved the executive request to apply a 0.59 percent vacancy savings rate.

Language

"If House Bill No. 68 is not passed and approved, state special revenue in item [Building Codes Bureau] is decreased by \$151,685 in fiscal year 1996 and by \$152,549 in fiscal year 1997." (House Bill 68 was passed and approved.)

Reorganization of Indian Affairs Coordinator

SB 4 transfers the Coordinator of Indian Affairs program from the Department of Commerce to the Governor's Office beginning in fiscal 1996. For a description and discussion of this program, please see the narrative under the Governor's Office in Section A of Volume I.

DEPARTMENT OF COMMERCE		HEALTH FACILITIES AUTHORITY						
Program Summary								
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	1.00	(1.00)	0.00	0.00	(1.00)	0.00	0.00	0.00
Personal Services	52,269	(52,269)	0	0	(52,269)	0	0	0
Operating Expenses	<u>84,968</u>	<u>(84,968)</u>	<u>0</u>	<u>0</u>	<u>(84,968)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$137,237	(\$137,237)	\$0	\$0	(\$137,237)	\$0	\$0	\$0
Fund Sources								
Proprietary	<u>137,237</u>	<u>(137,237)</u>	<u>0</u>	<u>0</u>	<u>(137,237)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$137,237	(\$137,237)	\$0	\$0	(\$137,237)	\$0	\$0	\$0

Program Description

The Montana Health Facilities Authority program was established by the 1983 legislature to help eligible health care institutions access the tax-exempt interest market. The program issues tax-exempt bonds to finance health care facility projects at interest rates below those which would be available at taxable rates. Two types of programs are operated by the authority: one to provide financing for individual facilities and the other to satisfy the capital needs of a pool of facilities. As the result of the passage of HB 576, which eliminated the requirement that proprietary funds be appropriated by the legislature, this program is no longer budgeted.

House Bill 576

Removal of Proprietary Funds - All proprietary funding for this program was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, for a biennial reduction of 1.0 FTE and \$325,912. This function is supported through fees charged for loan applications and income from investments.

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DEPARTMENT OF COMMERCE
Program Summary
MT SCIENCE & TECH ALLIANCE

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	6.00	(1.00)	0.00	5.00	(1.00)	0.00	5.00	5.00
Personal Services	224,303	1,141	0	225,444	1,788	0	226,091	451,535
Operating Expenses	107,800	14,657	0	122,457	12,326	0	120,126	242,583
Total Costs	\$332,103	\$15,798	\$0	\$347,901	\$14,114	\$0	\$346,217	\$694,118
Fund Sources								
State/Other Special	332,103	15,798	0	347,901	14,114	0	346,217	694,118
Total Funds	\$332,103	\$15,798	\$0	\$347,901	\$14,114	\$0	\$346,217	\$694,118

Program Description

The Montana Science and Technology Alliance (MSTA) program invests state funds in science and technology development through two programs: 1) the Seed Capital or Mezzanine Investment program, which has authority to invest \$12.5 million of the permanent coal trust (PCT) in new and expanding technology-based businesses in Montana; and 2) the Research and Development Financing program, which has authority to invest up to \$11.1 million of the PCT as matching funds for research at Montana universities.

Funding

The MSTA program is funded with state special revenue derived from loan paybacks and earnings on investments of permanent coal trust funds. HB 394, passed by the 1993 legislature, made significant changes to MSTA's funding by: 1) directing that earnings on permanent coal trust fund loans be deposited to MSTA's state special revenue account to pay administrative costs (instead of being deposited to the general fund), with the balance, after payment of administrative costs, deposited in the permanent coal trust fund within thirty days; 2) stating that the university system must repay at least \$250,000 per year beginning in fiscal 1993 for research and development loans they have received from MSTA; and 3) authorizing the Board of Investments to reimburse the department for MSTA's administrative costs not covered by loan paybacks or earnings with interest income from the permanent coal trust fund.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	(\$1,059)	(\$412)
2 Inflation/Deflation	328	141
3 Fixed Costs	807	11
<i>Other Present Law Adjustments</i>		
4 Operating & Per Diem	\$15,722	\$14,374
Total Present Law Adjustments	\$15,798	\$14,114

Present Law Adjustments

- 1) **Personal Services** - The decrease is primarily due to the net of vacancy savings, the pay plan authorized by the 1993 legislature, and the transfer of 2.0 FTE to other programs.
- 4) **Operating & Per Diem** - The legislature approved the executive request for additional funding for contracted printing, technical review of project proposals and business plans, legal services, and per diem.

DEPARTMENT OF COMMERCE		BOARD OF HOUSING							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		14.00	(14.00)	0.00	0.00	(14.00)	0.00	0.00	0.00
Personal Services		414,478	(414,478)	0	0	(414,478)	0	0	0
Operating Expenses		654,396	(654,396)	0	0	(654,396)	0	0	0
Equipment		8,185	(8,185)	0	0	(8,185)	0	0	0
Debt Service		266	(266)	0	0	(266)	0	0	0
Total Costs		\$1,077,325	(\$1,077,325)	\$0	\$0	(\$1,077,325)	\$0	\$0	\$0
<u>Fund Sources</u>									
Proprietary		1,077,325	(1,077,325)	0	0	(1,077,325)	0	0	0
Total Funds		\$1,077,325	(\$1,077,325)	\$0	\$0	(\$1,077,325)	\$0	\$0	\$0

Program Description

The Montana Board of Housing (BOH) is responsible for helping provide decent, safe, sanitary, and affordable housing to lower income individuals and families. The board operates single-family home ownership and multi-family rental housing programs, both through the issuance of revenue bonds, and through the allocation of federal tax credits. The proceeds are made available to individuals, private enterprise, and governmental entities. The board also operates a Reverse Annuity Mortgage Loan program to assist elderly lower income homeowners, and a Cash Assistance program to assist low income homebuyers. This seven-member board is appointed by the Governor and administratively attached to the department. As the result of the passage of HB 576, which eliminated the requirement that proprietary funds be appropriated by the legislature, this program is no longer budgeted.

House Bill 576

Removal of Proprietary Funds - All proprietary funding for this program was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, for a biennial reduction of 14.0 FTE and \$2.7 million. This function is supported through an administrative charge applied to mortgages financed.

New Proposals

Although the main table shows no funding for this program, the legislature had approved one new proposal prior to the passage of HB 576.

- 1) Personal Services Reductions - The legislature approved the executive request to apply a 0.61 percent vacancy savings rate.

DEPARTMENT OF COMMERCE Program Summary		BOARD OF INVESTMENTS							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	28.00	(28.00)	0.00	0.00	(28.00)	0.00	0.00	0.00	
Personal Services	1,169,407	(1,169,407)	0	0	(1,169,407)	0	0	0	
Operating Expenses	527,615	(527,615)	0	0	(527,615)	0	0	0	
Equipment	40,941	(40,941)	0	0	(40,941)	0	0	0	
Debt Service	7,213	(7,213)	0	0	(7,213)	0	0	0	
Total Costs	\$1,745,176	(\$1,745,176)	\$0	\$0	(\$1,745,176)	\$0	\$0	\$0	
<u>Fund Sources</u>									
Proprietary	1,745,176	(1,745,176)	0	0	(1,745,176)	0	0	0	
Total Funds	\$1,745,176	(\$1,745,176)	\$0	\$0	(\$1,745,176)	\$0	\$0	\$0	

Program Description

The Board of Investments and its staff manage the Unified Investment program for public funds, required under Article VIII, Section 13 of the Montana constitution. The program manages four investment portfolios: 1) the Fixed Income portfolio, consisting of the long-term debt held by the board; 2) the Equity portfolio, consisting of common stock; 3) the Short Term Investment Pool (STIP) portfolio, which consists of securities with maturities of less than one year; and 4) the Residential Loan and Commercial Loan portfolio, which consists of Montana residential and commercial loans. The board is also responsible for administration of several programs which issue bonds for the purpose of assisting local governments, cities, and school districts, and providing funds to improve the state's economy. As the result of the passage of HB 576, which eliminated the requirement that proprietary funds be appropriated by the legislature, this program is no longer budgeted.

House Bill 576

Removal of Proprietary Funds - All proprietary funding for this program was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, for a biennial reduction of 29.0 FTE and \$3.8 million, including new proposals that had been approved. This function is supported from two sources: 1) fees extracted from borrowers by increasing the spread between interest earned from loans and interest paid to bond holders, used to finance the bond program; and 2) charges to each portfolio that the board invests, used to finance the investment program. Both fees are adjusted after appropriations have been set by the legislature to generate the required revenue.

New Proposals

Although the main table shows no funding for this program in the 1997 biennium, the legislature approved two new proposals prior to the passage of HB 576.

- 1) **Board of Investments** - The legislature approved the executive request for an additional 1.0 FTE, contracted services, and travel due to workload increases. The increase funds travel for securities analysts due to the growth in the in-state investment program, a 1.0 FTE grade 14 mortgage analyst dedicated to the in-state investment and residential mortgage programs, and contracts for a 1.0 FTE grade 8 administrative assistant and a 1.0 FTE grade 14 fixed income securities analyst.
- 2) **Personal Services Reductions** - The legislature approved the executive request to apply a 1.2 percent vacancy savings rate.

DEPARTMENT OF COMMERCE Program Summary		MONTANA STATE LOTTERY						
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	35.00	(35.00)	0.00	0.00	(35.00)	0.00	0.00	0.00
Personal Services	1,155,611	(1,155,611)	0	0	(1,155,611)	0	0	0
Operating Expenses	6,955,399	(6,955,399)	0	0	(6,955,399)	0	0	0
Equipment	3,082	(3,082)	0	0	(3,082)	0	0	0
Debt Service	410	(410)	0	0	(410)	0	0	0
Total Costs	\$8,114,502	(\$8,114,502)	\$0	\$0	(\$8,114,502)	\$0	\$0	\$0
<u>Fund Sources</u>								
Proprietary	8,114,502	(8,114,502)	0	0	(8,114,502)	0	0	0
Total Funds	\$8,114,502	(\$8,114,502)	\$0	\$0	(\$8,114,502)	\$0	\$0	\$0

Program Description

The Montana Lottery program designs and markets lottery games that allow players to purchase chances at winning prizes. A five-member commission, appointed by the Governor, sets policy and oversees activities and procedures of the program. The Governor also appoints a program director who coordinates the lottery's marketing, operations, security, and administration. Revenue from lottery ticket sales is distributed to prizes (a minimum of 45 percent), with the remaining net revenues, after commissions and operating expenses, allocated to the general fund as specified by SB 83. As the result of the passage of HB 576, which eliminated the requirement that proprietary funds be appropriated by the legislature, this program is no longer budgeted.

House Bill 576

Removal of Proprietary Funds - All proprietary funding for this program was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, for a biennial reduction of 35.0 FTE and \$14.1 million, including new proposals that had been approved. This function is supported from a portion of lottery proceeds.

New Proposals

Although the main table shows no funding for this program in the 1997 biennium, the legislature approved two new proposals prior to the passage of HB 576.

- 1) Tri-West Lotto - The legislature approved additional proprietary funds to pay dues associated with the Tri-West Lotto game.
- 2) Personal Services Reductions - The legislature approved the executive request to apply a 0.58 percent vacancy savings rate.

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DEPARTMENT OF COMMERCE**Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	3.78	0.00	0.00	3.78	0.00	0.00	3.78	3.78
Personal Services	104,978	24,580	5,192	134,750	28,543	5,192	138,713	273,463
Operating Expenses	116,169	19,833	0	136,002	20,420	0	136,589	272,591
Equipment	5,644	(5,644)	0	0	(5,644)	0	0	0
Total Costs	\$226,791	\$38,769	\$5,192	\$270,752	\$43,319	\$5,192	\$275,302	\$546,054
Fund Sources								
General Fund	0	7,000	0	7,000	7,000	0	7,000	14,000
State/Other Special	226,791	31,769	5,192	263,752	36,319	5,192	268,302	532,054
Total Funds	\$226,791	\$38,769	\$5,192	\$270,752	\$43,319	\$5,192	\$275,302	\$546,054

Program Description

The Board of Horse Racing program is responsible for: 1) regulating the live and simulcast horse racing industry; 2) ensuring compliance by the approximately 3,500 licensees with state laws and board rules; 3) licensing all racing personnel, establishing race dates for various communities, establishing veterinary practices and standards in connection with horse racing meets; and 4) the auditing, supervision, and investigations related to the parimutuel racing system in Montana.

Funding

The Board of Horse Racing program is funded with state special revenue derived from a one percent tax on gross betting receipts from parimutuel betting. For simulcast facilities, the tax is the greater of one percent on gross betting receipts or the actual cost to the board of regulating the meet. General fund finances activities that had been funded with state special revenue de-earmarked by the passage of SB 83.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$14,685	\$18,648
2 Inflation/Deflation	101	(178)
3 Fixed Costs	1,074	634
<i>Other Present Law Adjustments</i>		
4 Other Personal Services	\$9,895	\$9,895
5 Contracted Services	15,102	16,102
6 Indirect Costs	4,038	4,344
7 Equipment	(5,644)	(5,644)
8 Other	(482)	(482)
9 Senate Bill 83 (general fund)	7,000	7,000
Senate Bill 83 (state special)	(7,000)	(7,000)
Total Present Law Adjustments	\$38,769	\$43,319

Present Law Adjustments

- 1) **Personal Services** - The increase is primarily due to significant vacancy savings in fiscal 1994.
- 4) **Other Personal Services** - The legislature approved the executive request for additional personal services funding for salary increases for two staff and racing stewards, and per diem of \$3,450 each fiscal year.
- 5) **Contracted Services** - The legislature approved the executive request for additional contracted services for veterinarians, security, auditors, simulcasting, and deputy state stewards.
- 6) **Indirect Costs** - The legislature approved the executive request for increased indirect costs to the

Director/Management Services Division, and the Professional and Occupational Licensing Bureau for legal and computer work.

7) Equipment - No equipment purchases were requested.

9) Senate Bill 83 - As a result of the passage of SB 83, income received from Board of Horse Racing fines is now deposited to the general fund, rather than to a state special revenue account, and all functions associated with this revenue are funded from the general fund. Consequently, state special revenue is reduced and general fund increased in the 1997 biennium. This funding switch has no impact on total general fund, as anticipated revenue is increased by the same amount as the increase in expenditures.

New Proposals					
New Proposal	Fiscal 1996			Fiscal 1997	
	FTE	General Fund	Total Funds	FTE	General Fund
1 SB242 New Board Members			\$5,192		\$5,192
Totals			\$5,192		\$5,192

New Proposals

1) Senate Bill 242--New Board Members - The legislature approved additional per diem funding to implement legislation that increased the membership of Board of Horse Racing from five to seven.

Language

"Item [SB 242--New Board Members] is contingent on passage and approval of Senate Bill No. 242." (Senate Bill 242 was passed and approved.)

"Because of de-earmarking by Senate Bill No. 83, item [Board of Horse Racing] has been reduced by \$7,000 in state special revenue in fiscal year 1996 and by \$7,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item [Board of Horse Racing] are reduced by \$7,000 in fiscal year 1996 and by \$7,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts." (Senate Bill 83 was passed and approved.)

DEPARTMENT OF COMMERCE**Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	22.59	(20.34)	0.00	2.25	(20.34)	0.00	2.25	2.25
Personal Services	774,056	(689,044)	0	85,012	(688,757)	0	85,299	170,311
Operating Expenses	127,528	(87,558)	86,962	126,932	(107,639)	0	19,889	146,821
Equipment	2,774	(2,774)	172,198	172,198	(2,774)	14,400	14,400	186,598
Debt Service	329	(329)	0	0	(329)	0	0	0
Total Costs	\$904,687	(\$779,705)	\$259,160	\$384,142	(\$799,499)	\$14,400	\$119,588	\$503,730
Fund Sources								
General Fund	100,431	24,551	51,205	176,187	4,757	0	105,188	281,375
State/Other Special	0	0	201,621	201,621	0	14,400	14,400	216,021
Federal Special	0	0	6,334	6,334	0	0	0	6,334
Proprietary	804,256	(804,256)	0	0	(804,256)	0	0	0
Total Funds	\$904,687	(\$779,705)	\$259,160	\$384,142	(\$799,499)	\$14,400	\$119,588	\$503,730

Program Description

The Director's Office and Management Services Division consists of four programs. The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office in the effort to improve and stabilize the economic climate in Montana. The Management Services Division provides internal support to all agency programs. Services provided include budgeting, accounting, purchasing, contracting, personnel administration, payroll, training, and the analysis, development, maintenance, and supervision of department data processing systems and hardware. Legal Services provide legal counsel to the department director and legal supervision and overview for all other agency attorneys. The Consumer Affairs unit provides information and assistance to Montana consumers regarding unfair methods of competition or deceptive acts in the conduct of any trade or commerce. As the result of the passage of HB 576, which eliminated the requirement that proprietary funds be appropriated by the legislature, only the Consumer Affairs Unit and non-proprietary funded new proposals are budgeted.

Funding

General fund provides support for the Consumer Affairs Unit and the County Printing Board, which is administratively attached to the department. New proposals are funded from state special and federal funds that provide funding in programs supported by this division. The remainder of the program is funded by indirect costs, based on personal services, assessed to other programs in the department and deposited in the proprietary fund. Due to the passage of HB 576, these proprietary funds are no longer budgeted.

Present Law Adjustments

- 1) Personal Services - The small increase is primarily due to the net of vacancy savings, the pay plan authorized by the 1993 legislature, and termination and early retirement costs.
- 4) General Fund Operating - The legislature approved the executive request for additional general fund operating expenses, primarily for training of the Consumer Protection staff, office supplies, and postage.
- 5) Management Services Operating - The legislature approved the executive request in the Management Services Division for contracted services for employee reclassification and temporary secretarial assistance, office supplies and

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$1,368	\$5,268
2 Inflation/Deflation	(461)	(789)
3 Fixed Costs	5,169	5,622
Other Present Law Adjustments		
4 General Fund Operating	\$2,392	\$2,807
5 Management Services Operating	12,241	9,342
6 Director's Office Operating	2,870	2,870
7 Director's Office-Malmstrom AFB (GF)	20,000	0
8 Other	(95)	(514)
9 HB576-Removal of Proprietary Funds	(823,189)	(824,105)
Total Present Law Adjustments	(\$779,705)	(\$799,499)

reduction in the Malmstrom Air Force Base.

9) **House Bill 576-Removal of Proprietary Funds** - Proprietary funding for the Director's Office and Management Services (and 19.34 FTE) was taken off budget as a result of the passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The proprietary fund receives revenue from indirect charges assessed funding sources in other programs to raise the amount of funds necessary to fund the program budget. Federal sources are assessed 9.3 percent of the amount of direct salaries and wages, including fringe benefits, funded by the federal source. State sources (including general fund) are assessed 8.1 percent based on the amount of direct salaries and wages, including fringe benefits, funded by the state source. In action prior to passage of HB 576, the legislature had appropriated \$1,006,304 in fiscal 1996 and \$848,590 in fiscal 1997, including 19.34 FTE of proprietary funding. In establishing this level, the legislature maintained the fiscal 1994 FTE, increased the present law operating expenses levels by \$15,206 in fiscal 1996 and \$12,726 in fiscal 1997, and increased funding by \$183,115 in fiscal 1996 and \$24,485 in fiscal 1997 to fund computer system upgrades and part of the pay plan approved in HB 17.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Oracle Database Programming		\$33,990	\$86,962			
2 Equipment Conversion To LANS		17,215	172,198			14,400
Totals		\$51,205	\$259,160			\$14,400

New Proposals

1) **Oracle Database Programming** - The legislature approved the executive request for conversion of the current database to Oracle based on an estimate that 2,000 hours of programming time will be necessary for the conversion,

computer software, a maintenance contract for 16 computers coming off manufacturer's warranty, a facsimile machine and desks. Appropriations for the increases in Management Services were removed due to HB 576 (see number 9 below).

6) **Director's Office Operating** - The legislature approved the executive request for additional funding in the Director's Office for legal books and statutes, travel, and a maintenance contract for 8 computers coming off manufacturer's warranty. Appropriations for the increases in the Director's Office were removed due to HB 576 (see number 9 below).

7) **Director's Office - Malmstrom AFB** - An additional \$20,000 general fund was approved in fiscal 1996 to provide necessary economic adjustments for Cascade County caused by any

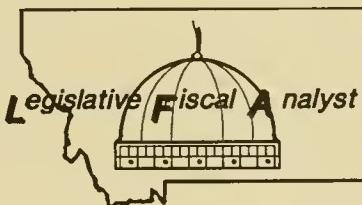
at rates between \$43.87 and \$64.78 per hour. At the request of the executive, general fund was increased \$33,990 in fiscal 1996 and other funds decreased by a like amount.

2) Equipment Conversion to LAN - The legislature approved the executive request for additional funding to complete the conversion of the department's computer system to a LAN (Local Area Network). The funds would be used to purchase equipment to link four outside offices with the main Department of Commerce building and for additional workstations and wiring. At the request of the executive, general fund was increased \$17,215 in fiscal 1996 and other funds decreased by a like amount.

Language

"Item [Malmstrom Air Force Base] includes \$20,000 of general fund in fiscal 1996 that must be used to provide funds for economic adjustments for Cascade County as a result of the plan to reduce the mission of Malmstrom Air Force Base (AFB)."

INSTITUTIONS AND PUBLIC SAFETY



JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

Board of Crime Control
Highway Traffic Safety*
Justice
Montana Arts Council

State Library Commission
Montana Historical Society
Corrections**
Military Affairs

-----Committee Members-----

House

Representative Marjorie Fisher (Chair)
Representative William "Red" Menahan
Representative Steve Vick

Senate

Senator Larry Tveit (Vice-Chair)
Senator Gary Aklestad
Senator Mignon Waterman

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Lisa Smith
Lorene Thorson
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* SB 361 transferred Highway Traffic Safety to the Department of Transportation.

** Reorganization (SB 345) transferred human services functions (Mental Health, Chemical Dependency and Special Services) to the Department of Public Health & Human Services.

CRIME CONTROL DIVISION

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	19.00	0.00	1.00	20.00	0.00	1.00	20.00	20.00
Personal Services	604,052	35,867	31,315	671,234	38,868	31,425	674,345	1,345,579
Operating Expenses	215,667	48,911	103,117	367,695	49,170	103,108	367,945	735,640
Equipment	9,838	297	4,000	14,135	(946)	2,500	11,392	25,527
Grants	3,254,929	393,625	2,288,093	5,936,647	393,066	2,287,902	5,935,897	11,872,544
Benefits and Claims	460,819	129,181	50,000	640,000	144,181	50,000	655,000	1,295,000
Total Costs	\$4,545,305	\$607,881	\$2,476,525	\$7,629,711	\$624,339	\$2,474,935	\$7,644,579	\$15,274,290
Fund Sources								
General Fund	457,348	27,350	1,695,513	2,180,211	28,308	1,694,423	2,180,079	4,360,290
State/Other Special	481,628	137,360	(618,988)	0	137,860	(619,488)	0	0
Federal Special	3,606,329	443,171	1,400,000	5,449,500	458,171	1,400,000	5,464,500	10,914,000
Total Funds	\$4,545,305	\$607,881	\$2,476,525	\$7,629,711	\$624,339	\$2,474,935	\$7,644,579	\$15,274,290

Agency Description

The mission of the Crime Control Division is to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice system. The division was created by section 2-15-2006, MCA. Under the direction of a supervisory Board of Crime Control appointed by the Governor, the Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The board administers and awards several grant programs, including the Juvenile Justice and Delinquency Prevention Act, the Victim/Witness Assistance Act, the State and Local Law Enforcement Assistance Act, the Narcotics Control Assistance Program, and the State Crime Victims' Compensation program.

Summary of Legislative Action

The legislature approved: 1) all present law adjustments; 2) all new proposals; and 3) all additional federal funds anticipated.

In addition, the passage and approval of SB 83: 1) de-earmarked funds for crime victim benefits and appropriated like amounts of general fund monies; and 2) removed the statutory appropriation for youth detention services and appropriated these amounts in HB 2.

Funding

In addition to federal funding for the pass-through grant programs and a portion of crime victims' compensation benefits in the 1997 biennium, federal funding is provided for juvenile justice programs and for administration of the Juvenile Justice and Drug Enforcement Block Grant programs.

In the 1995 biennium, state special revenue funded crime victims' compensation benefits and administration, administration of the Youth Detention Services Grant program, and state match funds for administration of the federal Victim Assistance Grant program. SB 83 de-earmarked these funds and appropriated general fund monies. Funding for all other Crime Control Division activities is general fund, including operation of the Peace Officer Standards and Training program, the Montana Uniform Crime Reporting System, general agency administration, technical assistance to local law enforcement, and state match funds for the juvenile justice and drug enforcement federal grant programs.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$35,867	\$38,868
2 Inflation/Deflation	654	73
3 Fixed Costs	10,298	11,138
<i>Other Present Law Adjustments</i>		
4 Contracted Services	\$36,717	\$36,717
5 Other Expenses	1,242	1,242
6 Equipment	297	(946)
7 Grants	393,625	393,066
8 Benefits and Claims	129,181	144,181
Total Present Law Adjustments	\$607,881	\$624,339

consisting of: six workstations, two computers, four printers, and miscellaneous office furniture. This amount represents an increase of \$297 in fiscal 1996 and a decrease of \$946 in fiscal 1997 over fiscal 1994 base expenditures.

7) Grants - The legislature approved adjustments to total existing federal pass-through grants based on federal estimates of the amount of grant funds that will be awarded to Montana. Table 1 shows the pass-through grants and benefits program funding included in the budget.

8) Benefits and Claims - The legislature approved \$590,000 in fiscal 1996, the same amount appropriated fiscal 1994. In fiscal 1997, available federal funds are expected to increase \$15,000 for a present law total of \$605,000.

Present Law Adjustments

- 1) Personal Services - The increase is primarily due to the net result of the 1995 biennium pay plan, small increases in salaries, and increases in benefits and insurance costs.
- 4) Contracted Services - The legislature approved a \$36,717 increase each year of the biennium for funds received under the Juvenile Justice Block Grant for planning and administration. In fiscal 1996, the funds will increase to \$60,000 each year of the 1997 biennium with a required \$60,000 match.
- 5) Other Expenses - The legislature approved \$1,242 in increases each year for statewide indirect costs.
- 6) Equipment - The legislature approved \$19,027 for the biennium for replacement equipment

Table 1
Pass-Through Grants & Benefits
1997 Biennium

	Approp. Fiscal 1994	Fiscal 1996	Fiscal 1997
<u>Pass-Through Grant Funds</u>			
Victims' Assistance	\$381,000	\$400,000	\$400,000
Juvenile Justice	410,000	600,136	599,719
D.A.R.E. Program Grants - SSR	20,000	0	0
Drug Education/Prevention	466,588	463,837	463,837
Drug Enforcement Block Grant	2,132,386	2,256,581	2,256,439
Indian Victim Assistance	70,000	70,500	70,500
Violence Against Women		500,000	500,000
Criminal History Rec. Impr./Brady Act Impl.		500,000	500,000
SB 83 De-earmarking		945,593	945,402
Legislative Contract Authority		200,000	200,000
Subtotal	\$3,479,974	\$5,936,647	\$5,935,897
<u>Crime Victims' Compensation Benefits</u>			
State Special Revenue	\$455,000	\$505,000	\$505,000
Federal	135,000	135,000	150,000
Subtotal	\$590,000	\$640,000	\$655,000
Total Grants and Benefits Funds	\$4,069,974	\$6,576,647	\$6,590,897

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Victim Compensation	0.00	\$0	\$80,932	0.00	\$0	\$79,533
2 Legislative Contract Authority	0.00	0	200,000	0.00	0	200,000
3 Violence Against Women	0.00	0	500,000	0.00	0	500,000
4 Criminal History Recd. Improve	0.00	0	500,000	0.00	0	500,000
5 SB83 De-Earmarking	0.00	1,695,513	945,593	0.00	1,694,423	945,402
6 BA2 Restitution Program	1.00	0	50,000	1.00	0	50,000
7 BA15 Statistical Analysis Cent	0.00	0	50,000	0.00	0	50,000
8 BA0016- Delinquency Prevention	0.00	0	150,000	0.00	0	150,000
Totals	1.00	\$1,695,513	\$2,476,525	1.00	\$1,694,423	\$2,474,935

New Proposals

- 1) Victim Compensation - The legislature approved a new proposal for state special revenue funds (which SB 83 subsequently funded with general fund) to increase administrative support for the Crime Victims' Compensation program. The proposal includes funds for: a) approximately \$29,000 each year for contracted services to handle the steady increase in claims and to address the present backlog of approximately 300 claims; b) \$50,000 in increased benefits to victims each year; and c) miscellaneous operating and equipment expenses.
- 2) Legislative Contract Authority - Legislative contract authority (LCA) of \$200,000 each year of the 1997 biennium was approved by the legislature for unanticipated federal grants offered during the biennium.
- 3) Violence Against Women - The legislature approved \$500,000 in federal funds each year to be awarded for pass-through grants for Violence Against Women projects.
- 4) Criminal History Record Improvements - The legislature approved \$500,000 in federal funds each year to be awarded for criminal history record system improvements and implementation of the Brady Act.
- 5) SB 83 De-earmarking - As a result of the passage of SB 83, income received from 9.1 percent of net lottery proceeds, which had been appropriated through a statutory appropriation in the 1995 biennium, is now appropriated in HB 2. These funds provide state grants to counties for youth detention services. In fiscal 1994, a total of \$573,651 for pass-through grants and approximately \$46,000 for administration costs was expended. The 1997 biennium includes \$945,593 in fiscal 1996 and \$945,402 in fiscal 1997 for pass-through grants and approximately \$54,000 for administration costs each year.

In addition, the income received from Justice of the Peace Courts (fines, penalties, forfeitures, and fees) for crime victim benefits is now deposited to the general fund, rather than to a state special revenue account. All functions associated with this revenue are funded from the general fund. Consequently, state special revenue is reduced and general fund increased in the 1997 biennium by \$1,389,936. In fiscal 1994, \$435,693 of state special revenue was expended. This funding switch has no impact on total general fund, as anticipated revenue is increased by the same amount as the increase in expenditures.

6) Restitution Program - A new proposal for \$50,000 in state special revenue funds (which SB 83 subsequently funded with general fund) each year of the 1997 biennium was approved by the legislature to fund a restitution program. The proposal includes \$31,315 in personal services to add a program officer to provide technical assistance to local governments to establish an automated restitution system. The division anticipates that the increase in restitution collections will offset funds requested to cover the costs of the program.

7) Statistical Analysis Center (SAC) - The legislature approved a new proposal to provide the Crime Control Division with authority to spend \$50,000 in federal funds awarded annually from the Bureau of Justice Statistics. SAC grants do not require a state match.

8) Delinquency Prevention - The Crime Control Division was authorized to spend \$150,000 in federal funds to be awarded from the Office of Juvenile Justice and Delinquency Prevention. These funds do not require a hard cash match and allow 5 percent of the funds, or approximately \$7,500, to be used for administration.

Language

"All remaining federal pass-through grant appropriation authority for the 1995 biennium is authorized to continue into fiscal year 1996 and fiscal year 1997."

"The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-effective startup of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately from all other appropriations. In the event that the amount of the department's additional federal contracts exceed its legislative contract authority, additional spending authority must be established in accordance with the provision of the budget amendment law in Title 17, chapter 7, part 4."

"Because of de-earmarking by Senate Bill No. 83, item [Justice System Support Service] has been reduced by \$190,513 in state special revenue in fiscal year 1996 and by \$189,423 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item [Justice System Support Service] are reduced by \$190,513 in fiscal year 1996 and by \$189,423 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts.

Because of de-earmarking by Senate Bill No. 83, item [Crime Victims' Compensation Pass-Through Benefits] has been reduced by \$505,000 in state special revenue in fiscal year 1996 and by \$505,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item [Crime Victims' Compensation Pass-Through Benefits] are reduced by \$505,000 in fiscal year 1996 and by \$505,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts."

"Because of de-earmarking by Senate Bill No. 83, item [Justice System Support Service] has been reduced by \$54,407 in state special revenue in fiscal year 1996 and by \$54,598 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item [Justice System Support Service] are reduced by \$54,407 in fiscal year 1996 and by \$54,598 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts.

Because of elimination of the statutory appropriation by Senate Bill No. 83, item [Justice System Support Service] has been increased by \$945,593 in general fund in fiscal year 1996 and by \$945,402 in general fund in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that eliminates the statutory appropriation, then

the general fund amounts in item [Justice System Support Service] are reduced by \$945,593 in fiscal year 1996 and by \$945,402 in fiscal year 1997."

4107 00 00000 CRIME CONTROL DIVISION		EXECUTIVE BUDGET COMPARISON							
Agency Summary		Base Budget Budget Item	Executive Budget Fiscal 1994	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE		19.00	21.00	20.00	(1.00)	21.00	20.00	(1.00)	(1.00)
Personal Services	604,052	700,234	671,234	(29,000)	703,446	674,345	(29,101)	(58,101)	
Operating Expenses	215,667	338,695	367,695	29,000	339,805	367,945	28,140	57,140	
Equipment	9,838	14,135	14,135	0	11,392	11,392	0	0	
Grants	3,254,929	3,991,054	5,936,647	1,945,593	3,990,495	5,935,897	1,945,402	3,890,995	
Benefits and Claims	460,819	640,000	640,000	0	655,000	655,000	0	0	
Total Costs	\$4,545,305	\$5,684,118	\$7,629,711	\$1,945,593	\$5,700,138	\$7,644,579	\$1,944,441	\$3,890,034	
Fund Sources									
General Fund	457,348	484,698	2,180,211	1,695,513	486,617	2,180,079	1,693,462	3,388,975	
State/Other Special	481,628	749,920	0	(749,920)	749,021	0	(749,021)	(1,498,941)	
Federal Special	3,606,329	4,449,500	5,449,500	1,000,000	4,464,500	5,464,500	1,000,000	2,000,000	
Total Funds	\$4,545,305	\$5,684,118	\$7,629,711	\$1,945,593	\$5,700,138	\$7,644,579	\$1,944,441	\$3,890,034	

Executive Budget Comparison

The legislature approved all present law adjustments and new proposals as presented in the Executive Budget. In addition, the legislature approved \$1.0 million in federal funds each year of the biennium for pass-through grants. The division was not aware of the availability of these funds until after preparation of the Executive Budget.

As a result of the passage of SB 83, \$3,389,936 general fund was appropriated for the biennium. These general fund monies replace a statutory appropriation for youth detention services and state special funds that were previously earmarked for crime victim benefits.

The remaining difference in fiscal 1997 is due to increased deflation applied to all agency budgets.

Reorganization

Senate Bill 361 transferred administration of the Highway Traffic Safety Division from the Department of Justice to the Department of Transportation. For a discussion of the division, please see the Department of Transportation writeup in section A of volume I.

DEPARTMENT OF JUSTICE

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	665.70	(27.65)	24.00	662.05	(27.65)	24.00	662.05	662.05
Personal Services	21,837,777	736,932	(139,047)	22,435,662	868,656	(170,416)	22,536,017	44,971,679
Operating Expenses	8,270,130	1,227,245	862,914	10,360,289	763,164	775,806	9,809,100	20,169,389
Equipment	1,797,911	(9,346)	1,027,325	2,815,890	(120,748)	1,111,121	2,788,284	5,604,174
Transfers	5,000	(5,000)	0	0	(5,000)	0	0	0
Debt Service	312,324	(8,169)	0	304,155	(34,780)	0	277,544	581,699
Total Costs	\$32,223,142	\$1,941,662	\$1,751,192	\$35,915,996	\$1,471,292	\$1,716,511	\$35,410,945	\$71,326,941
Fund Sources								
General Fund	12,984,887	1,727,545	491,337	15,203,769	1,087,597	751,272	14,823,756	30,027,525
State/Other Special	16,612,069	1,140,321	34,612	17,787,002	1,410,493	10,838	18,033,400	35,820,402
Federal Special	1,573,232	117,376	1,225,593	2,916,201	17,712	954,753	2,545,697	5,461,898
Proprietary	1,052,954	(1,043,580)	(350)	9,024	(1,044,510)	(352)	8,092	17,116
Total Funds	\$32,223,142	\$1,941,662	\$1,751,192	\$35,915,996	\$1,471,292	\$1,716,511	\$35,410,945	\$71,326,941

Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety, as authorized in section 2-15-501, MCA. The duties of the department include: 1) providing legal representation for the state and its political subdivisions in criminal appeals; 2) providing legal services and counsel for the state, county, and municipal agencies and their officials; 3) enforcing Montana traffic laws and registering all motor vehicles; 4) enforcing state fire safety codes and regulations; 5) assisting local law enforcement agencies in bringing offenders to justice; 6) managing a statewide system of death investigations and providing scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies; and 7) providing for the uniform regulation of all gambling activities in the state of Montana.

Reorganization

House Bill 68 moved a portion of the Fire Investigative Bureau from the Law Enforcement Services Division (LESD) to the Department of Commerce. For further information, see the "Reorganization" section of the LESD narrative.

Summary of Legislative Action

The legislature made minor present law changes to this agency and approved requested new proposals totalling 24.0 FTE and \$3.5 million total funds for the biennium. The legislature did not accept two major fund switches requested that would have resulted in an increase of \$2.8 million general fund for the biennium: 1) transferring the funding for the motor vehicle registration program from the state gasoline tax account to the general fund; and 2) changing the funding in the forensics program from alcohol tax to general fund. All proprietary funds to support Agency Legal Services were taken off budget as a result of HB 576.

Legislative Contract Authority - The legislature approved \$290,000 per year of legislative contract authority (LCA) to three programs. LCA provides a means by which the legislature appropriates additional federal and private funds an agency may receive after the legislature adjourns, thus eliminating the need for budget amendments.

Language

"The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-effective start-up of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately from all other appropriations. In the event that the amount of the department's additional federal contracts exceed its legislative contract authority, additional spending authority must be established in accordance with the provision of the budget amendment law in Title 17, chapter 7, part 4."

Other Legislation

House Bill 68 - A portion of the Fire Investigative Bureau and 1.0 FTE were moved from the Law Enforcement Services Division to the Department of Commerce by this legislation. For further information, see the "Reorganization" section of the Law Enforcement Services Division narrative.

House Bill 97 - This act authorizes the issuance of personalized veterans' license plates and is expected to result in \$17,700 (\$17,100 general fund and \$600 veterans' cemetery state special revenue) in increased revenue to the state in fiscal 1996 and \$12,950 (\$11,350 general fund and \$1,600 veterans' cemetery state special revenue) in fiscal 1997.

House Bill 135 - This bill requires the Attorney General to represent the state in bankruptcy proceedings. The legislature approved the executive new proposal and provided general fund monies in HB 2 of \$111,876 in fiscal 1996 and \$111,733 in fiscal 1997. For additional information, see the Legal Services Division "New Proposals" narrative.

House Bill 219 - The legislature approved allowing a Montana resident on active military duty and living outside of Montana to purchase license plates and register a motor vehicle for the cost of registration alone. This bill is estimated to result in an \$11,820 reduction (\$6,000 general fund and \$5,820 state special revenue) in revenue each year of the 1997 biennium.

House Bill 248 - This bill revises many of the laws pertaining to driver licensing and examination; creates a cooperative driver testing program in conjunction with a state-approved high school traffic education course; extends the term of a drivers' license in certain circumstances (from four-year to eight-year licenses); provides for the electronic transfer of driving records; and adjusts the disposition of license fees. Additional revenue to the general fund of approximately \$1.64 million annually will be realized due to the transition to eight-year licenses.

House Bill 294 - The penalty for passing in a no-passing zone is increased from \$50 to a minimum of \$100 by this bill. This increase is estimated to result in a revenue increase of \$22,500 in fiscal 1996 and \$30,000 in fiscal 1997. Fine revenues are distributed half to the state and half to the county. The state half is distributed 44.81 percent to the general fund with the remaining portion being distributed to various state special revenue accounts.

House Bill 305 - This bill appropriates funds from an authorized loan of \$2,359,857 from the permanent coal tax trust to the department for technical, legal, and administrative activities for natural resource damage litigation.

In fiscal 1994, an Executive Order transferred the program for natural resource damage litigation [the Natural Resource Damage Program (NRDP)] from the Department of Health and Environmental Sciences to the Department of Justice. The transfer included 9.0 FTE.

In the 1995 biennium, the NRDP was funded by a loan from the permanent coal tax permanent trust. HB 305 extends the repayment of principal and interest on all loans authorized from the coal severance tax permanent fund under Chapter 354, Laws of 1993, through the end of the 1997 biennium.

House Bill 307 - A "title only" procedure for certain dealers of used motor vehicles is created by this bill. HB 307 appropriates from the general fund \$61,165 in fiscal 1996 and \$83,312 in fiscal 1997 (including 1.5 FTE in fiscal 1996 and 3.0 FTE in fiscal 1997) to the Department of Justice for the increased workload and operating expenses generated by this bill.

Projected revenues to the general fund generated by this bill are \$405,000 in fiscal 1996 and \$810,000 in fiscal 1997.

House Bill 311 - This act provides for a review and assessment of proposed state government executive branch actions that might result in depriving a property owner of all or part of the use or economic value of private property. The legislature appropriated \$26,500 general fund for the biennium in HB 2 to the Department of Justice, which would purchase 500 hours of Agency Legal Services time to conduct the necessary legal research, prepare the guidelines and checklist, and conduct the public review and comment process required by the bill.

House Bill 511 - This bill makes the Department of Justice responsible for approval or denial of certificates of public advantage. Certificates of public advantage are a written certificate of the department's intention that the implementation of a cooperative agreement (a written agreement between two or more health care facilities for the sharing or referral of patients, personnel, instructional programs, etc.) receive state action immunity from prosecution as a violation of state or federal antitrust laws.

House Bill 551 - This bill requires that certain sexual and violent offenders provide DNA samples, and establishes a DNA identification index and testing requirements for the forensic DNA laboratory. The legislature appropriated \$300,000 general fund for the biennium in HB 2, including 2.0 FTE forensic scientists.

House Bill 584 - Funds of \$1,450,000 were appropriated in this bill to the Department of Administration for the Law Enforcement Academy project. The project consists of renovating the Mountain View School in Helena, Montana to allow the use of this facility by the Law Enforcement Academy. The academy is currently located in Bozeman. The long-range building program account provided \$950,000 of the total funds appropriated and \$500,000 is from Lewis and Clark County. The Department of Justice will repay the \$500,000 provided by Lewis and Clark County from its operating budget within 10 years, commencing in fiscal year 1998.

Senate Bill 293 - This bill revises the laws related to medicaid fraud and establishes a medicaid fraud control unit in the Department of Justice. The Executive Budget for the Department of Social and Rehabilitation Services (SRS) included and the legislature approved an appropriation of \$800,000 for the biennium (\$200,000 general fund) to fund this unit. The appropriation will support 7.0 FTE and the associated operating expenses for the unit. Funding for the fraud control unit is 75 percent federal funds and 25 percent general fund.

The legislature also approved the executive request to add language in the appropriation act giving the Department of Justice the latitude to establish FTE if employees are found to be more cost effective than contracting for services. See the "Language" writeup in SRS for the Operations and Technology Division.

Senate Bill 316 - This bill provides for the use of a preliminary alcohol screening test for a person suspected of driving under the influence and generally revises laws dealing with driving under the influence. No funds were appropriated to fund this bill.

Executive Budget Comparison

The legislative budget reflects a \$1.3 million reduction from the Executive Budget and 10.5 fewer FTE. This reduction is a net result of: 1) present law adjustments; 2) non-approval or amended approval of executive new proposals; 3) approval of modifications not included in the Executive Budget; 4) proprietary funds and corresponding FTE supporting Agency Legal Services taken off budget; and 5) a statutory appropriation converted to an appropriation in HB 2 for the 1997 biennium.

4110 00 00000 DEPARTMENT OF JUSTICE Agency Summary									
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97	
FTE	665.70	672.55	662.05	(10.50)	672.55	662.05	(10.50)	(10.50)	
Personal Services	21,837,777	22,778,130	22,435,662	(342,468)	22,880,443	22,536,017	(344,426)	(686,894)	
Operating Expenses	8,270,130	10,333,379	10,360,289	26,910	9,923,748	9,809,100	(114,648)	(87,738)	
Equipment	1,797,911	3,564,319	2,815,890	(748,429)	2,568,209	2,788,284	220,075	(528,354)	
Transfers	5,000	0	0	0	0	0	0	0	
Debt Service	312,324	304,155	304,155	0	277,544	277,544	0	0	
Total Costs	\$32,223,142	\$36,979,983	\$35,915,996	(\$1,063,987)	\$35,649,944	\$35,410,945	(\$238,999)	(\$1,302,986)	
Fund Sources									
General Fund	12,984,887	16,091,189	15,203,769	(887,420)	15,827,766	14,823,756	(1,004,010)	(1,891,430)	
State/Other Special	16,612,069	17,369,256	17,787,002	417,746	16,599,261	18,033,400	1,434,139	1,851,885	
Federal Special	1,573,232	2,885,431	2,916,201	30,770	2,587,031	2,545,697	(41,334)	(10,564)	
Proprietary	1,052,954	634,107	9,024	(625,083)	635,886	8,092	(627,794)	(1,252,877)	
Total Funds	\$32,223,142	\$36,979,983	\$35,915,996	(\$1,063,987)	\$35,649,944	\$35,410,945	(\$238,999)	(\$1,302,986)	

Present Law - The legislature approved several modifications to present law adjustments presented in the Executive Budget, including: 1) reduced amounts for rent in the Highway Patrol Division, the Law Enforcement Academy, and Forensic Sciences Division; and 2) increased present law adjustments for patrol cars in the Highway Patrol Division.

Executive New Proposals - The legislature did not approve ten executive new proposals for a total reduction of over \$1.1 million for the biennium, and it approved two new proposals at reduced levels. Because several of the non-approved new proposals included fund switches from state special revenue to general fund, general fund decreased \$2.8 million from the executive proposal. The proposals not approved include: 1) replacing highway special revenue funding with general fund in the Legal Services Division, the Motor Vehicle Division, and the Central Services Division; 2) new equipment funds, migration to the state computer system, and the automated video gambling system in the Gambling Control Division; 3) legislative contract authority and funding to allow an additional four students at each Basic Course in the 1997 biennium for the Law Enforcement Academy Division; and 4) new equipment and replacement of earmarked alcohol tax state special revenue funds with general fund in the Forensic Sciences Division.

Elected Official New Proposals/Other Legislation - The legislature approved the following modifications not included in the Executive Budget totalling over \$1,350,000 for the biennium (\$1,050,070 general fund) and 10.0 FTE in fiscal 1996 and 11.0 FTE in fiscal 1997. The approved proposals include: 1) relief/support staff for driver services, funds for two training coordinator officer workshops, and funding for a position classification review in the Motor Vehicle Division; 2) funds to support one narcotics agent in the Law Enforcement Services Division; 3) 1.0 FTE to provide security and disaster recovery for the Computer Services and Planning Division; 4) \$144,000 general fund each year for mailing license renewal cards; 5) \$26,500 general fund for HB 311 (assessment of executive branch actions affecting private property); 6) over \$240,000 proprietary funds and additional FTE for Agency Legal Services (taken off budget as a result of HB 576); and 7) \$300,000 general fund and 2.0 FTE for HB 551 (DNA testing of sex offenders).

Proprietary Funds - Proprietary funds of approximately \$1.5 million for the biennium and 15.5 FTE in fiscal 1996 and 16.5 FTE in fiscal 1997 to support Agency Legal Services were taken off budget as a result of HB 576.

Statutory Appropriations - Senate Bill 83 de-earmarked many accounts and provided for the appropriation in HB 2 of several items which had been appropriated through a statutory appropriation in the 1995 biennium. As a result

of the passage of SB 83, income received from the portion of one-half of drivers' license reinstatement fees not distributed to county DUI prevention programs, which had been appropriated through a statutory appropriation in the 1995 biennium, is now appropriated in HB 2. These funds provide \$50,000 general fund each year for the Forensic Sciences Division for the purchase and maintenance of DUI intoxilizers.

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DEPARTMENT OF JUSTICE**Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	40.50	(9.00)	3.00	34.50	(9.00)	3.00	34.50	34.50
Personal Services	1,374,701	76,963	50,577	1,502,241	79,609	50,739	1,505,049	3,007,290
Operating Expenses	943,547	(172,588)	43,228	814,187	(692,967)	16,728	267,308	1,081,495
Equipment	11,119	25,881	14,893	51,893	25,881	14,415	51,415	103,308
Transfers	5,000	(5,000)	0	0	(5,000)	0	0	0
Debt Service	783	(783)	0	0	(783)	0	0	0
Total Costs	\$2,335,150	(\$75,527)	\$108,698	\$2,368,321	(\$593,260)	\$81,882	\$1,823,772	\$4,192,093
Fund Sources								
General Fund	2,164,440	(121,804)	99,953	2,142,589	(640,286)	73,161	1,597,315	3,739,904
State/Other Special	131,106	46,102	9,639	186,847	46,790	9,618	187,514	374,361
Federal Special	39,604	175	(894)	38,885	236	(897)	38,943	77,828
Total Funds	\$2,335,150	(\$75,527)	\$108,698	\$2,368,321	(\$593,260)	\$81,882	\$1,823,772	\$4,192,093

Program Description

The Legal Services Division provides the Attorney General with legal research and analysis; provides legal counsel for state government officials, bureaus, and boards; provides legal assistance to local governments and Indian tribes; and provides legal assistance, training, and support for county prosecutors.

Funding

The Legal Services Division is primarily supported by general fund, which provides over 90 percent of total funding.

State special revenue funds total: 1) \$52,792 in fiscal 1996 and \$52,891 in fiscal 1997 in crime investigation funds, which support one attorney and associated operating costs; 2) \$90,401 in fiscal 1996 and \$90,892 in fiscal 1997 in gambling license fees, which support two attorneys and associated operating costs; 3) \$28,654 in fiscal 1996 and \$28,731 in fiscal 1997 in highways special revenue funds, which pays for a 0.6 FTE attorney and associated operating costs; and 4) \$15,000 each year for the antitrust revolving account.

Federal revenues of \$38,885 in fiscal 1996 and \$38,943 in fiscal 1997 from a Board of Crime Control grant support one attorney and associated operating costs.

Present Law Adjustments

Present law adjustments remove 9.0 FTE that were transferred with the Natural Resource Damage Program from the Department of Health to the Department of Justice. All expenditures were removed when establishing the base.

- 1) Personal Services - The increase is the net result of increases in salaries and benefits, the fiscal 1995 pay plan, and upgrades and a downgrade.
- 4) Annualization of Costs - The legislature approved increases for annualization of costs associated with a mid-year hiring of the primary attorney for the Workers' Compensation Fraud Unit.
- 5) Contracted Services - The legislature approved the following adjustments: a) decreases of \$209,918 in fiscal 1996 and \$709,918 in fiscal 1997, which reflect a biennial appropriation of \$500,000 for major litigation; b) a decrease of \$2,313 each fiscal year in legal fees and court costs related to fiscal 1994 major litigation; and c) an increase of \$5,600

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$76,963	\$79,609
2 Inflation/Deflation & 3) Fixed Costs	16,796	15,917
Other Present Law Adjustments		
4 Annualization of Costs	\$3,776	\$3,276
5 Contracted Services	(206,631)	(712,231)
6 Supplies & Materials	2,976	(10,424)
7 Travel	8,251	8,251
8 Repair & Maintenance	1,550	1,550
9 Other Expenses	694	694
10 Equipment	25,881	25,881
11 Principal/Interest	(5,783)	(5,783)
Total Present Law Adjustments	(\$75,527)	(\$593,260)

in fiscal 1996 for costs related to printing a book of Attorney General opinions (done every 4 to 5 years) and an increase in costs for printing court documents.

6) Supplies and Materials - The legislature approved an increase of \$2,976 in fiscal 1996 and a decrease of \$10,424 in fiscal 1997 primarily for the cost of purchasing the Montana Code Annotated, which is purchased following the legislative session.

7) Travel - The legislature approved an increase of \$8,251 each fiscal year in anticipation of nine cases that will require out-of-state travel.

8) Repair and Maintenance - An increase of \$1,550 each fiscal year is due to an increase in the maintenance cost and copy charges of a xerox copy machine.

10) Equipment - The legislature approved \$37,000 each fiscal year for upgrading the network hardware, an increase of \$25,881 each fiscal year over the fiscal 1994 base budget.

11) Principal/Interest - The legislature approved a decrease of \$5,783 each fiscal year because photocopy machines will be paid off in fiscal 1995.

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New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Bankruptcy/Collection Unit	3.00	\$111,876	\$111,876	3.00	\$111,733
2 Antitrust Revolving Account			15,000		15,000
3 Personal Services Reductions		(38,423)	(44,678)		(38,572)
4 HB311 Assessments		26,500	26,500		(44,851)
Totals	3.00	\$99,953	\$108,698	3.00	\$73,161
					\$81,882

New Proposals

1) Bankruptcy/Collection Unit - The legislature approved this new proposal (at a reduced level from the executive budget) to create a unit to specialize in collecting money due the state, with emphasis on bankruptcy practice. As a pilot project, one attorney, one paralegal and a secretary would be assigned to the unit. Funding of \$111,876 in fiscal 1996 and \$111,733 in fiscal 1997 would come from the general fund. The unit would sunset at the end of the biennium if collections did not equal or exceed expenditures. If sufficient funds were collected, the unit would continue through the use of a proprietary account.

- 2) Antitrust Revolving Account - The legislature approved including \$15,000 state special revenue each year for consultant and professional services to establish a revolving account in the Department of Justice in which recoveries in antitrust cases would be deposited and from which the Attorney General would be authorized to use monies to defray the cost of participating in these antitrust cases. Any balance from the account above necessary operating expenses would be available for deposit to the general fund.
- 3) Personal Services Reduction - The legislature approved reducing personal services through vacancy savings by \$44,678 in fiscal 1996 and \$44,851 in fiscal 1997 (3.1 percent). This proposal would reduce: a) general fund by \$34,423 in fiscal 1996 and \$38,572 in fiscal 1997; b) state special revenue by over \$5,300 each year; and c) federal funds by approximately \$890 each year.
- 4) House Bill 311 - Assessments - In fiscal 1996, the legislature appropriated \$26,500 general fund to purchase 500 hours of Agency Legal Services time to conduct the necessary legal research, prepare the guidelines and checklist, and conduct the public review and comment process required by HB 311. For additional information, see the "Other Legislation" section of the agency writeup.

Language

"The legislature recognizes that costs associated with litigation in which the legal services division is required to provide representation to the state of Montana may exceed the appropriation provided. In that event, the department will need to request a supplemental appropriation from the 1997 legislature to adequately represent the state."

"If House Bill No. 311 is not passed and approved, general fund money in item [Legal Services Division] must be decreased by \$26,500 in fiscal year 1996." (House Bill 311 was passed and approved.)

DEPARTMENT OF JUSTICE		AGENCY LEGAL SERVICES							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		13.50	(13.50)	0.00	0.00	(13.50)	0.00	0.00	0.00
Personal Services	463,657	(463,657)	0	0	(463,657)	0	0	0	0
Operating Expenses	98,856	(98,856)	0	0	(98,856)	0	0	0	0
Debt Service	1,339	(1,339)	0	0	(1,339)	0	0	0	0
Total Costs	\$563,852	(\$563,852)		\$0	\$0	(\$563,852)	\$0	\$0	\$0
<u>Fund Sources</u>									
Proprietary	563,852	(563,852)		0	0	(563,852)	0	0	0
Total Funds	\$563,852	(\$563,852)		\$0	\$0	(\$563,852)	\$0	\$0	\$0

Program Description

The Agency Legal Services program provides legal services to state agencies upon request, particularly in support of litigation. Agencies are billed for attorney time and case-related costs to support the program. The program is administratively attached to the Legal Services Division.

House Bill 576

Removal of Proprietary Funds - All proprietary funding for this program was taken off budget as a result of passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature. The source of revenue is an hourly fee charged to user agencies for its services. The agency currently charges \$53 per hour for attorney fees and \$30 per hour for paralegal services.

In action prior to passage of HB 576, the legislature had approved the executive budget (\$1,252,860 for the biennium) and appropriated an additional \$243,140 for the biennium to hire one attorney and one legal secretary in fiscal 1996 to assume additional legal work currently purchased from private legal counsel by state agencies. Spending authority was also provided for one additional attorney in fiscal 1997 in the event there is sufficient legal work that would otherwise go to outside counsel.

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DEPARTMENT OF JUSTICE**Program Summary****GAMBLING CONTROL DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	42.00	0.00	3.00	45.00	0.00	3.00	45.00	45.00
Personal Services	1,400,143	87,755	5,446	1,493,344	95,195	5,102	1,500,440	2,993,784
Operating Expenses	405,457	86,842	63,275	555,574	85,133	62,999	553,589	1,109,163
Equipment	138,007	(60,307)	36,750	114,450	(67,907)	0	70,100	184,550
Debt Service	2,898	0	0	2,898	(2,898)	0	0	2,898
Total Costs	\$1,946,505	\$114,290	\$105,471	\$2,166,266	\$109,523	\$68,101	\$2,124,129	\$4,290,395
Fund Sources								
General Fund	0	433,349	14,841	448,190	432,734	6,801	439,535	887,725
State/Other Special	1,538,955	88,491	90,630	1,718,076	84,339	61,300	1,684,594	3,402,670
Proprietary	407,550	(407,550)	0	0	(407,550)	0	0	0
Total Funds	\$1,946,505	\$114,290	\$105,471	\$2,166,266	\$109,523	\$68,101	\$2,124,129	\$4,290,395

Program Description

The Gambling Control Division was established by the 1989 legislature to investigate, license, and regulate the gambling industry in Montana. An appointed gaming advisory council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities. The division has criminal justice authority and conducts routine field inspections and investigations for irregularities in gambling activities. In addition to collecting licensing fees for gambling machines and activities, the division is responsible for: 1) collecting and distributing the gambling tax assessed on the net proceeds of gambling activities; and 2) investigative functions relating to alcoholic beverage licensing and tobacco enforcement.

Funding

Primary funding for the Gambling Control Division is from a portion of the revenues generated through licenses and permits for gambling operators, machines, and other gambling activities, as well as license fees for video gambling machine manufacturers/distributors. The revenues are deposited into the gambling license fee state special revenue account to be used for the costs related to operations of the division and other distributions. The division distributes gambling taxes assessed on the net proceeds of gambling activities and a portion of license and permit fees to counties and municipalities in which the gambling activity is located. A portion of the tax is deposited in the general fund.

In the 1995 biennium, the remaining funding for the Gambling Control Division was from the liquor enterprise proprietary fund, to support the tobacco and alcoholic beverage enforcement functions transferred from the Department of Revenue. By allowing appropriation of liquor profits directly from the enterprise fund, the general appropriation bill conflicted with statute requiring the profits to be transferred to the general fund. The Office of the Legislative Auditor recommended that the present law base budgets for the Gambling Control Division and Law Enforcement Services Division be funded from the general fund in lieu of liquor enterprise funds. The legislature concurred and has determined that in lieu of liquor enterprise funds, general fund be used in the 1997 biennium. There is no net impact to the general fund, as liquor enterprise funds are deposited to the general fund.

Present Law Adjustments

- 1) **Personal Services** - The increase is the net result of the fiscal 1995 pay plan, base year vacancy savings, termination pay, increases in longevity, benefits, and insurance, and upgrades of 5 revenue investigator positions and upgrades/downgrades of 4 other positions to establish parity in the positions.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$87,755	\$95,195	
2 Inflation/Deflation	552	(2,127)	
3 Fixed Costs	20,558	20,993	
<i>Other Present Law Adjustments</i>			
4 Contracted Services	\$50,000	\$50,000	
5 Travel	15,000	15,000	
6 Other Expenses	732	1,267	
7 Equipment	(60,307)	(67,907)	
8 Installment Purchases	0	(2,898)	
Total Present Law Adjustments	\$114,290	\$109,523	

4) **Contracted Services** - The legislature approved increases of \$50,000 each year for legal fees and court costs of civil proceedings and criminal prosecution.

5) **Travel** - The legislature approved increases of \$15,000 each year for out-of-state travel related to license application. Costs incurred during these investigations are totally reimbursed by the applicant before a license is issued.

7) **Equipment** - The legislature approved \$77,700 for equipment in fiscal 1996 and \$70,100 in fiscal 1997 for four replacement vehicles per year, replacement of one communications pod per year, upgrades of current surveillance equipment and software, and other replacement equipment. This represents a decrease of \$60,307 in fiscal 1996 and \$67,907 in fiscal 1997 from the base.

8) **Installment Purchases** - Installment payments for a photocopy machine end in fiscal 1996, for a decrease of \$2,898 in fiscal 1997.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 New Rental Space						
2 Add'tl Compliance Staff	3.00	30,464	146,454	3.00	22,554	109,704
3 Personal Services Reductions		(15,623)	(74,395)		(15,753)	(75,015)
Totals	3.00	\$14,841	\$105,471	3.00	\$6,801	\$68,101

New Proposals

1) **New Rental Space** - In fiscal 1996 and 1997, the legislature approved \$33,412 each year for new rental space. This proposal will be supported with state special revenue from the gambling license fee account.

2) **Additional Compliance Staff** - The legislature approved the addition of 3.0 FTE and \$146,454 in fiscal 1996 and \$109,704 in fiscal 1997. The 3.0 FTE would be used to keep abreast of the backlog of field audits and process and identify compliance problems related to quarterly reports.

The legislature approved general fund support of 21 percent and state special revenue support from the gambling license fee account of 79 percent.

3) **Personal Services Reduction** - The legislature approved reducing personal services by \$74,395 in fiscal 1996 and \$75,015 in fiscal 1997. This proposal would reduce: a) general fund by \$15,623 in fiscal 1996 and \$15,753 in fiscal 1997; and b) state special revenue by \$58,772 in fiscal 1996 and \$59,262 in fiscal 1997.

DEPARTMENT OF JUSTICE Program Summary		MOTOR VEHICLE DIVISION							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	160.25	(4.65)	2.00	157.60	(4.65)	2.00	157.60	157.60	
Personal Services	3,677,030	307,320	(68,366)	3,915,984	325,329	(95,247)	3,907,112	7,823,096	
Operating Expenses	2,146,984	533,514	277,628	2,958,126	428,230	251,263	2,826,477	5,784,603	
Equipment	117,127	8,683	0	125,810	(43,717)	0	73,410	199,220	
Debt Service	145,771	(2,175)	0	143,596	(25,888)	0	119,883	263,479	
Total Costs	\$6,086,912	\$847,342	\$209,262	\$7,143,516	\$683,954	\$156,016	\$6,926,882	\$14,070,398	
Fund Sources									
General Fund	4,957,468	865,126	209,262	6,031,856	701,738	156,016	5,815,222	11,847,078	
State/Other Special	1,111,660	0	0	1,111,660	0	0	1,111,660	2,223,320	
Federal Special	17,784	(17,784)	0	0	(17,784)	0	0	0	
Total Funds	\$6,086,912	\$847,342	\$209,262	\$7,143,516	\$683,954	\$156,016	\$6,926,882	\$14,070,398	

Program Description

The Motor Vehicle Division (MVD) is responsible for vehicle registration and vehicle operator licensing. The Driver Services Bureau implements and administers the laws relating to the examination, issuance, cancellation, suspension, revocation, and reinstatement of drivers' licenses and driving privileges. The Registrar's Bureau provides a system for registration, titling, record keeping, and licensing of motor vehicles, vessels, and recreational vehicles.

Funding

The Motor Vehicle Division is supported primarily by general fund. The 1993 legislature replaced general fund with \$1.1 million in highway special revenue funds in fiscal 1994 and \$4.2 million in fiscal 1995. The executive submitted, but the legislature rejected, a proposal to replace \$2.2 million of highways special revenue funds with general fund in the 1997 biennium.

The division deposits over \$27 million in drivers' license and vehicle registration fees to the general fund each biennium, compared to approximately \$14.1 million in program operating costs.

Present Law Adjustments

- 1) **Personal Services** - The increases are the net result of: a) fully funding the vacancy savings experienced in fiscal 1994 due to positions held open pending legislation affecting the drivers' license service stations in the November 1993 Special Session; b) a reduction of 3.65 FTE in fiscal 1995 in response to legislation passed in the November 1993 Special Session to reduce driver license service stations; c) a reduction of 1.0 FTE in fiscal 1995 due to the digitizing of records (legislation passed by the 1993 legislature); d) upgrades of 25 positions and a downgrade of 1 position; e) termination pay; and f) the 1995 pay plan.
- 4) **Switch from Armory Computer Center (System B) to State Mainframe (System A)** - The legislature approved a net total increase of \$337,994 in both years for costs associated with the switch from System B to System A. The transfer to the mainframe occurred in the last six months of fiscal 1994 to save general fund. Therefore, when annualized, the amounts requested in the 1997 biennium for computer processing charges are approximately twice fiscal 1994 expenditures. A decrease in miscellaneous information system services from DofA of \$129,318 each year is the net result of elimination of charges for operation of the armory computer center and the estimated increase of these costs

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$307,320	\$325,329
2 Inflation/Deflation	(64,918)	(176,039)
3 Fixed Costs	64,900	67,275
<i>Other Present Law Adjustments</i>		
4 Switch From System B to System A	\$337,994	\$337,994
5 Contracted Services	188,581	188,879
6 Supplies & Materials	(32,592)	(32,592)
7 Communications	19,739	19,930
8 Miscellaneous Operating Expenses	19,810	22,783
9 Equipment	8,683	(43,717)
10 Installment Purchases	(2,175)	(25,888)
Total Present Law Adjustments	\$847,342	\$683,954

of services for the state mainframe. (The Criminal Justice Information Network (CJIN) has an offsetting present law adjustment increase of \$127,134 for those charges.)

The computer processing charges for the 1997 biennium were based on six months of actual expenditures. This lack of expenditure history prompted the legislature to direct the Department of Administration (DofA) to work with the Department of Justice to manage expenditures within the 1997 biennium appropriated level.

5) Contracted Services - The legislature approved increases of \$188,581 in fiscal 1996 and \$188,879 in fiscal 1997. These increases are the net result of: a) increases of \$6,620 each fiscal year for janitorial services; b) increases of \$35,978 in fiscal 1996 and \$36,176 in fiscal 1997 due to printing additional manuals and forms required for driver education students and an increase in the cost of printing the motor vehicle renewal notices; c) increases of

\$173,186 each fiscal year for photographic services for the digitized driver licensing program. The program was delayed and only \$21,814 was expended in fiscal 1994; d) decreases of \$29,090 each fiscal year in consultant and professional services as fiscal 1994 expenditures were for the development of a one-time imaging system feasibility and development study; and e) minor increases equal to \$1,887 in fiscal 1996 and \$1,987 in fiscal 1997.

6) Supplies and Materials - The legislature approved a decrease of \$32,592 each year of the 1997 biennium, which is the net result of reductions for office supplies and minor equipment.

7) Communications - The legislature approved increases primarily for long distance charges. A WATTS line will be installed in fiscal 1995 to provide access for the 56 counties to the computer processing center in Helena to render assistance with computer and on-line access difficulties for the Title and Registration Bureau.

8) Miscellaneous Operating Expenses - The legislature approved an increase of \$19,810 in fiscal 1996 and \$22,783 in fiscal 1997 for travel, rent, repairs and maintenance, and other expenses.

9) Equipment - The legislature approved \$125,810 in fiscal 1996 and \$73,410 in fiscal 1997 for equipment, an increase of \$8,683 in fiscal 1996 and a decrease of \$43,717 in fiscal 1997 from the fiscal 1994 base budget.

10) Installment Purchases - The legislature approved a reduction of \$2,175 in fiscal 1996 and \$25,888 in fiscal 1997 because of lease purchase contracts for microfilm readers and readers/printer that will expire.

New Proposals

1) Relocation of Registrar's Bureau - The legislature approved general fund of \$123,500 in fiscal 1996 and \$72,500 in fiscal 1997 for rent and relocation charges. The appropriation allows lease of a 10,000 square foot facility in Deer Lodge, at \$7.25 per square foot, for the relocation of the Title and Registration Bureau. The new proposal also includes \$26,000 in fiscal 1996 for one-time costs for moving telephone lines, data lines, records, and equipment and \$25,000 for overtime to recover from downtime.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Relocation/Registrar's Bureau		\$123,500	\$123,500		\$72,500	\$72,500
2 MVD License Renewal Cards		144,000	144,000		144,000	144,000
3 Personal Services Reductions	(2.00)	(234,538)	(234,538)	(2.00)	(236,784)	(236,784)
4 Relief/Supprt Staff Driver Services	4.00	121,500	121,500	4.00	121,500	121,500
5 Training And Workshops		19,800	19,800		19,800	19,800
6 Position Review		35,000	35,000		35,000	35,000
Totals	2.00	\$209,262	\$209,262	2.00	\$156,016	\$156,016

- 2) MVD License Renewal Cards - General fund of \$144,000 per year was approved for the mailing of vehicle license renewal cards. The department mailed the cards in the past, but the 1993 legislature removed funding for this service.
- 3) Personal Services Reduction - The legislature approved reducing personal services by 2.0 FTE and \$234,538 general fund in fiscal 1996 and \$236,784 general fund in fiscal 1997. The reduction includes a vacancy savings rate of 5 percent for each fiscal year. The positions to be eliminated are 1.0 FTE microfilm clerk I and 1.0 FTE administrative support.
- 4) Relief/Support Staff for Driver Services - The legislature approved this elected official new proposal for general fund of \$121,500 each year to add 4.0 FTE (three Driver Services Specialists I and an administrative assistant) to manage workload increases.
- 5) Training and Workshops - The Attorney General requested and the legislature approved funding to provide two training sessions each year for the 56 counties.
- 6) Position Review at the Title and Registration Bureau - The legislature approved \$35,000 general fund each year to provide for the estimated increase resulting from reclassification of all positions in this bureau. This proposal was an elected official new proposal.

DEPARTMENT OF JUSTICE Program Summary		HIGHWAY PATROL DIVISION							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	270.05	0.00	10.00	280.05	0.00	10.00	280.05	280.05	
Personal Services	9,655,002	158,833	(136,700)	9,677,135	204,394	(139,419)	9,719,977	19,397,112	
Operating Expenses	2,513,243	565,425	215,115	3,293,783	780,825	179,555	3,473,623	6,767,406	
Equipment	1,144,322	245,518	850,964	2,240,804	213,108	897,674	2,255,104	4,495,908	
Total Costs	\$13,312,567	\$969,776	\$929,379	\$15,211,722	\$1,198,327	\$937,810	\$15,448,704	\$30,660,426	
Fund Sources									
General Fund	0	0	18,750	18,750	0	25,000	25,000	43,750	
State/Other Special	12,696,570	857,224	(94,935)	13,458,859	1,159,573	(134,557)	13,721,586	27,180,445	
Federal Special	615,997	112,552	1,005,564	1,734,113	38,754	1,047,367	1,702,118	3,436,231	
Total Funds	\$13,312,567	\$969,776	\$929,379	\$15,211,722	\$1,198,327	\$937,810	\$15,448,704	\$30,660,426	

Program Description

The Highway Patrol Division (HPD) is responsible for patrolling the highways in Montana, enforcing traffic laws, and investigating traffic accidents. The patrol gives assistance and information to motorists, first-aid to those injured in traffic accidents, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

Funding

The Highway Patrol Division is funded primarily by highways state special revenue funds, which comprise all of the state special revenue funds. Since these funds are also the primary source of state funds for highway construction and maintenance, funds used for highway patrol operations reduce funds available for the state transportation program.

The MCSAP program is 85 percent funded by federal funds from the U.S. Department of Transportation, with a 15 percent state match. The actual match requirement is 20 percent. However, utilizing highway patrol officers to conduct truck inspections for the federal government is used to provide 5 percent of the match required, with the remainder from highways special revenue funds.

In the 1995 biennium, the accident prevention unit (APU) was funded entirely by federal funds from the U.S. Department of Transportation from the Highway Traffic Safety Division. A new proposal approved by the legislature switched the APU funding to highways state special revenue after September 1995, as the federal funding will end September 30, 1995. Additional federal highway traffic safety grant funds will provide a portion of the support for several new proposals approved by the legislature for equipment and additional patrol officers.

Present Law Adjustments

1) Personal Services - The increase is primarily the net result of adjustments for fiscal 1994 vacancy savings, termination pay, salary decreases, the fiscal 1995 pay plan, decreases in benefits, increases in longevity and insurance, and increases in overtime.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$158,833	\$204,394
2 Inflation/Deflation	27,723	55,767
3 Fixed Costs	107,184	111,649
<i>Other Present Law Adjustments</i>		
4 Contracted Services	\$260,697	\$457,289
5 Supplies	78,834	48,334
6 Communications	1,080	1,080
7 MCSAP	50,030	50,092
8 Travel	32,809	32,809
9 Rent	7,068	8,805
10 Repair & Maintenance		15,000
11 Equipment	245,518	213,108
Total Present Law Adjustments	\$969,776	\$1,198,327

4) **Contracted Services** - The majority of the increase is comprised of \$257,409 in fiscal 1996 and \$433,909 in fiscal 1997 for prisoner per diem. An increase of \$3,288 each year is due to the Department of Administration photocopy pool service. Additional increases of approximately \$20,000 in fiscal 1997 are comprised of increases in printing costs for decals, notices to appear, and warnings. Printing occurs in the second year of the biennium.

5) **Supplies** - The legislature approved a net increase of \$78,834 in fiscal 1996 and \$48,334 in fiscal 1997 with the majority of the increase due to gasoline prices.

7) **Motor Carrier Safety Assistance Program (MCSAP)** - The legislature approved increases in operating expenses of \$50,030 in fiscal 1996 and \$50,092 in fiscal 1997 for federally mandated activities as follows: a) \$5,000 for gasoline; b) \$10,198 for printing of mandated education and training aids; c) \$10,040 for long distance charges;

d) \$20,557 increase in travel for mandated strike forces, inspections, and training activity; and e) miscellaneous increases of \$4,235 in fiscal 1996 and \$4,297 in fiscal 1997. (The Executive Budget included approximately \$4,000 in fiscal 1996 and \$6,300 in fiscal 1997 for rent increases that the legislature eliminated. The division stated the funds were no longer needed.)

8) **Travel** - Increases of \$32,809 are provided each year of the biennium for office subsistence in highway patrol operations as negotiated by the department in the labor contract.

9) **Rent** - An increase of 3.0 percent (approximately \$7,000) is expected for non-DofA buildings. MHP rents office space, hangar space, radio tower sites, district and detachment office, and radio shop space.

10) **Repair and Maintenance** - An increase of \$15,000 is provided in fiscal 1997 for aircraft engine replacement.

11) **Equipment** - The legislature approved an increase of \$245,518 in fiscal 1996 and \$213,108 in fiscal 1997 for replacement of patrol vehicles and other equipment (an increase by the legislature of \$171,340 in fiscal 1996 and \$172,510 in fiscal 1997 over the executive present law adjustments).

New Proposals

1) **In-Car Automation and Suppression Panels** - In fiscal 1996, this addition includes the purchase of: a) suppression panels for half of the radio repeater sites; and b) 150 in-car video cameras. In fiscal 1997, the proposal includes funds for: a) the remainder of the suppression panels for radio repeater sites; b) 200 in-car laptop computers; and c) 200 in-car global position system (GPS) units that will provide exact the location of an accident for accident records.

This addition is supported by: a) \$600,00 in fiscal 1996 and \$780,000 in fiscal 1997 from Highway Traffic Safety grants, which are a reallocation of federal highways funds from the Department of Transportation (due to the lack of a Montana motorcycle helmet law); b) highway special revenue funds of \$20,719 in fiscal 1996 and \$31,219 in fiscal 1997; and c) MCSAP federal truck inspection program funds of \$1,955 in fiscal 1996 and \$61,455 in fiscal 1997.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Suppression Panels			\$622,674			\$872,674
2 Rent/Ammo/Training			32,585			25,085
3 APU - Fund Switch						
4 New Patrol Officers	10.00		634,191	10.00		397,801
5 Legislative Contract Authority			100,000			100,000
6 Personal Services Reductions			(478,821)			(482,750)
7 HB345 DUI Equipment		18,750	18,750		25,000	25,000
Totals	10.00	\$18,750	\$929,379	10.00	\$25,000	\$937,810

2) Rent/Ammo/Training - The legislature approved \$32,585 in fiscal 1996 and \$25,085 in fiscal 1997 for the following purposes: a) rental costs for a larger office at \$7.50 per square foot (\$23,670 each year over the current rental costs). Relocation costs of \$2,500 have been added for fiscal 1996; b) \$4,555 for building maintenance in fiscal 1996; and c) \$1,860 in fiscal 1996 and \$1,415 in fiscal 1997 to provide meals for officers attending Police Vehicle Operator (PVO) training. This proposal would be funded with highways special revenue.

3) Accident Prevention Unit Fund Switch - National Highway Traffic Safety funding for this unit will end September 30, 1995 and the legislature has approved replacing lost federal funds with highways state special revenue. Because the federal fiscal year ends September 1995, 25 percent or approximately \$40,000 of the fiscal 1996 amount will be covered by the final quarter of the federal grant.

4) New Patrol Officers - The legislature approved 10.0 FTE new patrol officers at a cost of \$634,191 in fiscal 1996 and \$397,801 in fiscal 1997. A federal grant from Highway Traffic Safety is expected to support 7.0 FTE in the 1997 biennium. The grant will provide \$438,151 in fiscal 1996 and \$283,059 in fiscal 1997. The remaining costs will be funded with highways state special revenue.

5) Legislative Contract Authority (LCA) - The legislature approved \$100,000 each year for LCA. For additional information on LCA, see the "Summary of Legislative Action" for the Department of Justice.

6) Personal Services Reduction - The legislature approved reducing personal services through vacancy savings of \$478,821 in fiscal 1996 and \$482,750 in fiscal 1997. The agency plans to meet this reduction by imposing vacancy savings of 4.9 percent in both years of the biennium. This savings would result in a yearly reduction of over \$460,000 in highways state special revenue funds and \$15,000 in federal funds.

7) House Bill 345-DUI Equipment - General fund of \$43,750 for the biennium was approved by the legislature contingent on passage and approval of HB 345. HB 345 failed to pass the legislature.

Language

"The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-effective startup of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately

from all other appropriations. In the event that the amount of the department's additional federal contracts exceed its legislative contract authority, additional spending authority must be established in accordance with the provision of the budget amendment law in Title 17, chapter 7, part 4."

"If the total amount of federal crime bill funds in item [highway patrol division] is not received by the department, the federal special revenue appropriation in item [highway patrol division] must be reduced to the amount received and the state special revenue appropriation must be increased by the same amount as the federal special revenue appropriation is decreased."

"Item [HB 345 - DUI Equipment] is contingent on passage and approval of House Bill No. 345." (House Bill 345 did not pass the legislature.)

"The department is authorized to transfer the retirement contributions provided in sections 19-6-404 and 61-5-121(1)(a) in fiscal years 1996 and 1997 from the highway patrol retirement clearing account in the state special revenue fund to the Montana highway patrol officers' retirement pension trust fund. An appropriation must be established each year in the amount required to be transferred up to the amount of \$650,000."

DEPARTMENT OF JUSTICE Program Summary										LAW ENFORCEMENT SERVICES DIV		
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97				
FTE	55.00	(0.50)	1.00	55.50	(0.50)	1.00	55.50	55.50				
Personal Services	1,640,410	248,535	(57,764)	1,831,181	257,151	(58,711)	1,838,850	3,670,031				
Operating Expenses	857,888	106,177	151,234	1,115,299	108,813	151,099	1,117,800	2,233,099				
Equipment	253,419	(190,819)	32,800	95,400	(202,619)	0	50,800	146,200				
Debt Service	120,098	61	0	120,159	61	0	120,159	240,318				
Total Costs	\$2,871,815	\$163,954	\$126,270	\$3,162,039	\$163,406	\$92,388	\$3,127,609	\$6,289,648				
Fund Sources												
General Fund	1,599,762	255,964	(41,486)	1,814,240	257,587	301,342	2,158,691	3,972,931				
State/Other Special	339,762	39,750	(1,167)	378,345	37,525	(12,237)	365,050	743,395				
Federal Special	860,554	(60,023)	168,923	969,454	(59,969)	(196,717)	603,868	1,573,322				
Proprietary	71,737	(71,737)	0	0	(71,737)	0	0	0				
Total Funds	\$2,871,815	\$163,954	\$126,270	\$3,162,039	\$163,406	\$92,388	\$3,127,609	\$6,289,648				

Program Description

The Law Enforcement Services Division includes the administration, management, and coordination of a broad spectrum of criminal investigative services performed by the Criminal Investigation Bureau, Identification Bureau, and Fire Prevention and Investigation Bureau. Criminal investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, dangerous drug activity, and other felony crimes. The program activity includes conducting criminal investigations of state agencies and providing investigative training to law enforcement officers. The division emphasizes providing adequate specialized drug enforcement resources to address drug abuse and drug trafficking in Montana. The division also has specialized criminal investigation units for the following fraud investigation: 1) workers' compensation; 2) public assistance; and 3) medicaid (enacted by the 1995 legislature by SB 293). The Fire Prevention and Investigation Bureau is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions.

Reorganization

House Bill 68 moved the licensure portion of the Fire Investigative Bureau from the Law Enforcement Services Division (LESD) to the Department of Commerce. Approximately \$3,000 for operating expenses and \$21,700 for personal services (including 1.0 FTE) were transferred each year of the 1997 biennium.

Funding

The Fire Prevention and Investigation Unit is funded primarily by general fund (93 percent), with state special revenue funds derived from licensing and endorsement fees supporting the balance of this unit.

The Identification Bureau operations are funded in fiscal 1996 by 45 percent general fund and 55 percent federal funds. In fiscal 1997, general fund support increases to 100 percent because federal funding ends for the Automated Fingerprint Identification System (AFIS). For a further discussion, see the "New Proposals" section.

The Criminal Investigation Bureau is funded 50.0 percent general fund, 33.3 percent state special revenue funds, and 16.7 percent federal funds. Workers' compensation state special revenue funds the workers' compensation fraud investigation and prosecution unit. In the past, this bureau received liquor enterprise funds. Proprietary funds from the liquor enterprise fund supported the 50.0 percent match required for the federal funds for the public assistance

investigation function in the 1995 biennium. The Office of the Legislative Auditor recommended that the present law base budgets for the Law Enforcement Services Division be funded from the general fund in lieu of liquor enterprise funds. The legislature concurred and replaced liquor enterprise funds with general fund of \$167,202 in fiscal 1996 and \$165,870 in fiscal 1997.

The Narcotics Investigation Bureau is funded with 65 percent general fund and 35 percent federal funds. General fund provides a 26 percent match for the federal grant funding of the western drug enforcement task force, and funds 100 percent of the eastern drug enforcement task force.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$772	\$4,079	
2 Inflation/Deflation	1,820	2,071	
3 Fixed Costs	44,749	44,526	
<i>Other Present Law Adjustments</i>			
4 Fire Protection Equipment Licensing Prg	\$56,733	\$59,815	
5 Identification Bureau	(21,558)	(21,558)	
6 Workload Increase - CIB and NIB	81,377	74,412	
7 Other	61	61	
Total Present Law Adjustments	\$163,954	\$163,406	

Present Law Adjustments

1) **Personal Services** - The increase is the net result of the 1995 pay plan, termination pay, and increases in insurance, benefits, and longevity. Other personal services increases are discussed in the items below.

4) **Fire Protection Equipment Licensing Program** - The legislature approved net increases of \$56,733 in fiscal 1996 and \$59,815 for this program comprised of: a) \$89,812 in fiscal 1996 and \$91,700 in fiscal 1997 for increases in personal services; b) increases in operating expenses of \$22,497 in fiscal 1996 and \$23,691 in fiscal 1997 for expanded responsibilities and for annualization of costs associated with hiring 1.0 FTE for regulating fire protection equipment dealers; and c) a \$55,576 decrease each fiscal year for equipment, as no expenditures are budgeted in

the 1997 biennium.

The net increase includes a reduction of 1.0 FTE, associated personal services, and operating costs due to HB 68. For additional information, see the "Reorganization" section of this division.

5) **Identification Bureau** - The legislature approved increases in operating expenses of \$11,717 in both years for this bureau due to workload. No expenditures are budgeted for equipment in fiscal 1996 or 1997, which results in a \$33,275 decrease each year.

6) **Workload Increase of the Criminal Investigation Bureau (CIB) and Narcotics Investigation Bureau (NIB)** - The legislature approved increases for annualization of costs associated with 3.0 FTE not hired until mid-fiscal 1994 (personal services increases of \$157,951 in fiscal 1996 and \$161,372 in fiscal 1997 and operating expense increases of \$24,238 in fiscal 1996 and \$25,084 in fiscal 1997). The legislature also approved increases in operating expenses of \$1,156 in fiscal 1996 and \$1,724 in fiscal 1997 for increased caseloads and counties served.

The legislature approved \$62,600 in fiscal 1996 and \$50,800 in fiscal 1997 for replacement vehicles and law enforcement equipment, decreases from the base year of \$101,968 in fiscal 1996 and \$113,768 in fiscal 1997.

New Proposals

1) **Automated Fingerprint Identification System (AFIS) Fund Switch** - AFIS is currently funded with federal grant funds and matched with federal drug forfeiture funds. Federal grant funds will end September 10, 1995. In fiscal 1997, the legislature approved \$360,000 in general fund to replace the federal funding sources.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 AFIS - Fund Switch						\$360,000
2 LANS/Body Wire/Radios		16,400	32,800			
3 Legislative Contract Authority			150,000			150,000
4 Personal Services Reductions		(68,026)	(95,530)		(68,798)	(96,612)
5 Continuation Of Narcotics Agent	1.00	<u>10,140</u>	39,000	1.00	<u>10,140</u>	39,000
Totals	1.00	(\$41,486)	\$126,270	1.00	\$301,342	\$92,388

2) New Equipment - The legislature approved \$16,500 to add local area networks (LANs) to complete the division's computerization project. The legislature also approved 3 two-way radios (\$6,300), and one bodywire (\$10,000).

General fund would provide 50.0 percent of the funds, state special revenue would provide 33.3 percent, and federal funds would provide the balance of 16.7 percent.

3) Legislative Contract Authority (LCA) - The legislature approved \$150,000 each year for LCA. For additional information on LCA, see the "Summary of Legislative Action" for the Department of Justice.

4) Personal Services Reduction - The legislature approved reducing personal services through vacancy savings of \$95,530 in fiscal 1996 and \$96,612 in fiscal 1997. This savings would result in a yearly reduction of over: a) \$68,000 in general fund; b) \$12,100 in state special revenue funds; and c) \$15,400 in federal funds.

5) Continuation of Narcotics Agent - The legislature approved this elected official new proposal for \$39,000 (74 percent federal fund and 26 percent general fund) each year to support one narcotics agent that was added by budget amendment in the 1995 biennium to the Narcotics Investigation Bureau in the western region.

Note - The legislature approved a new proposal for the Department of Social and Rehabilitation Services (SRS) for \$400,000 each year of the biennium (25 percent general fund, 75 percent public welfare federal funds) for transfer authority to the Department of Justice, Law Enforcement Services Division, for medicaid fraud investigation. This unit is enacted by SB 293 passed by the 1995 legislature. For additional information, see "Other Legislation" for the Department of Justice and for SRS.

Language

"The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-effective startup of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately from all other appropriations. In the event that the amount of the department's additional federal contracts exceed its legislative contract authority, additional spending authority must be established in accordance with the provision of the budget amendment law in Title 17, chapter 7, part 4."

"The department is authorized to request a budget amendment for the rural statewide intelligence network if federal grant funds become available during the 1997 biennium."

"If House Bill No. 68 is not passed and approved, state special revenue in item [Law Enforcement Services Division] is increased by \$24,949 in fiscal year 1996 and \$24,622 in fiscal year 1997." (House bill 68 was passed and approved.)

4110 19 00000

DEPARTMENT OF JUSTICE**Program Summary****COUNTY ATTORNEY PAYROLL**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	20.40	0.00	0.00	20.40	0.00	0.00	20.40	20.40
Personal Services	<u>1,329,903</u>	<u>113,962</u>	0	<u>1,443,865</u>	<u>150,460</u>	0	<u>1,480,363</u>	<u>2,924,228</u>
Total Costs	\$1,329,903	\$113,962	\$0	\$1,443,865	\$150,460	\$0	\$1,480,363	\$2,924,228
Fund Sources								
General Fund	<u>1,329,903</u>	<u>113,962</u>	0	<u>1,443,865</u>	<u>150,460</u>	0	<u>1,480,363</u>	<u>2,924,228</u>
Total Funds	\$1,329,903	\$113,962	\$0	\$1,443,865	\$150,460	\$0	\$1,480,363	\$2,924,228

Program Description

The County Attorney Payroll program pays one-half the salary and benefits of the 56 county attorneys from the state general fund, as required by section 7-4-2502, MCA.

Funding

The County Attorney Payroll Program is supported entirely by general fund.

Current law allows counties to grant cost-of-living increases to county attorneys of up to 100 percent of the previous year's consumer price index (CPI). The 1997 biennium includes funding for cost-of-living increases for all of the counties, using an estimated consumer price index increase of 3 percent in fiscal years 1996 and 1997. In fiscal 1995, 51 of the 56 counties increased the county attorney salaries by the allowed CPI increase.

The overall increase is greater than 8.0 percent. This increase exceeds the cost-of-living increase primarily because only 37 counties received the cost-of-living increase in fiscal 1994. In fiscal 1995, 51 counties received the increase. The 1997 biennium includes cost-of-living increases for all 56 counties.

No funds are included for potential additional changes from part-time to full-time positions, increased health insurance reimbursement claims, or other statutorily-allowed increases that counties might exercise during the 1997 biennium. The 1993 legislature passed HB 474 requiring that biennial budget information submitted by the Department of Justice include complete information concerning the state's share of county attorney salaries. The bill provides that a county is responsible for any increase in salary if it fails to provide the necessary information to the department in time to be included in the state budget process.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$113,962	\$150,460
<i>Total Present Law Adjustments</i>	<u>\$113,962</u>	<u>\$150,460</u>

Present Law Adjustments

- 1) **Personal Services** - Increases of \$113,962 (8.6 percent) in fiscal 1996 and \$150,460 (11.3 percent) in fiscal 1997 are the net result of fully funding all positions, and an increase of 3 percent in cost-of-living adjustments.

4110 22 00000

DEPARTMENT OF JUSTICE**Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	10.50	0.00	0.00	10.50	0.00	0.00	10.50	10.50
Personal Services	386,346	80	(11,895)	374,531	2,184	(11,987)	376,543	751,074
Operating Expenses	256,192	94,875	20,000	371,067	71,109	20,000	347,301	718,368
Equipment	1,905	(5)	12,000	13,900	(5)	2,000	3,900	17,800
Debt Service	3,720	612	0	4,332	612	0	4,332	8,664
Total Costs	\$648,163	\$95,562	\$20,105	\$763,830	\$73,900	\$10,013	\$732,076	\$1,495,906
Fund Sources								
General Fund	648,163	13,792	8,105	670,060	18,410	8,013	674,586	1,344,646
Federal Special	0	81,770	12,000	93,770	55,490	2,000	57,490	151,260
Total Funds	\$648,163	\$95,562	\$20,105	\$763,830	\$73,900	\$10,013	\$732,076	\$1,495,906

Program Description

The Law Enforcement Academy Division provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy provides an annual curriculum specifically designed to meet the needs of the criminal and juvenile justice system.

Funding

The Law Enforcement Academy is funded primarily with general fund, with some federal grant monies. The academy charges tuition for certain classes, particularly specialized courses. All tuition fees are deposited in the general fund. Deposits totaled \$120,904 in fiscal 1994.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$80	\$2,184
2 Inflation/Deflation	4,099	6,578
3 Fixed Costs	6,101	6,136
<i>Other Present Law Adjustments</i>		
4 Contracted Services	\$16,908	\$19,648
5 Rent	65,870	36,850
6 Miscellaneous Adjustments	2,504	2,504
Total Present Law Adjustments	\$95,562	\$73,900

Present Law Adjustments

1) Personal Services - Increases are the net result of expenditures in fiscal 1994 exceeding the fiscal 1994 appropriation due to a termination payout, the fiscal 1995 pay plan, salary increases, and increases in longevity and insurance.

4) Contracted Services - The legislature approved increases of \$16,908 in fiscal 1996 and \$19,648 in fiscal 1997. The majority of the adjustment is for increased meal costs and an increase in the contract instructor rate.

5) Rent - The legislature approved an increase of \$65,870 in fiscal 1996 and \$36,850 in fiscal 1997 for leasing/renting additional space for classrooms and training areas. The academy plans to lease modular units to provide space in the interim until the academy is moved to Helena at the Mountain View site.

For additional information on the Helena academy site, see HB 584 in the "Other Legislation" writeup for the Department of Justice.

4110 22 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Central Testing Equipment			\$12,000			\$2,000
2 Spending Authority/Uniforms		18,000	18,000		18,000	18,000
3 Reinstate Coroner Training		2,000	2,000		2,000	2,000
4 Personal Services Reductions		(11,895)	(11,895)		(11,987)	(11,987)
Totals		\$8,105	\$20,105		\$8,013	\$10,013

New Proposals

- 1) Central Testing Equipment - The legislature approved \$14,000 in federal funds for the biennium for centralized entry level police testing at the academy. A fee would be charged for taking the test, which would be deposited to the general fund.
- 2) Spending Authority for Uniforms - The legislature approved \$18,000 general fund authority to purchase uniforms for recruits and to facilitate specialized workshops and training seminars. This increase would be offset by fees generated for training, which will be deposited to the general fund.
- 3) Reinstate Coroners Training - The legislature approved \$2,000 general fund each year to fund the required coroners' program. The basic course is offered during the second year of the biennium; therefore, associated costs are never captured as base expenditures.
- 4) Personal Services Reductions - The legislature approved reducing personal services by \$11,895 in fiscal 1996 and \$11,987 in fiscal 1997. This proposal will reduce general fund.

Language

"If the total amount of federal special revenue in item [Law Enforcement Academy Division] is not received by the department, the federal special revenue appropriation must be decreased and the general fund appropriation must be increased by the same amount as the federal special revenue appropriation is decreased."

4110 28 00000

DEPARTMENT OF JUSTICE**Program Summary****CENTRAL SERVICES DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00	10.00
Personal Services	350,286	536	(17,484)	333,338	2,239	(17,607)	334,918	668,256
Operating Expenses	156,207	(42,336)	0	113,871	(90,552)	0	65,655	179,526
Equipment	4,730	(730)	0	4,000	(730)	0	4,000	8,000
Total Costs	\$511,223	(\$42,530)	(\$17,484)	\$451,209	(\$89,043)	(\$17,607)	\$404,573	\$855,782
Fund Sources								
General Fund	248,055	(41,830)	(7,693)	198,532	(62,296)	(7,747)	178,012	376,544
State/Other Special	253,353	(259)	(9,441)	243,653	(25,376)	(9,508)	218,469	462,122
Proprietary	9,815	(441)	(350)	9,024	(1,371)	(352)	8,092	17,116
Total Funds	\$511,223	(\$42,530)	(\$17,484)	\$451,209	(\$89,043)	(\$17,607)	\$404,573	\$855,782

Program Description

The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll and Transportation of Prisoners program expenditures.

Funding

The Central Services Division operations are supported by a direct allocation from the four major funds that support the Department of Justice in proportion to their total budgeted costs. Funding for the division's present law operations in the 1997 biennium includes: 1) general fund of \$198,532 in fiscal 1996 and \$178,012 in fiscal 1997, or 44 percent; 2) gambling license fees state special revenue of \$24,817 in fiscal 1996 and \$22,252 in fiscal 1997, or 5.5 percent; 3) highways special revenue of \$218,836 in fiscal 1996 and \$196,217 in fiscal 1997, or 48.5 percent; and 4) \$9,024 in fiscal 1996 and \$8,092 in fiscal 1997, or 2.0 percent, from the agency legal services proprietary account.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$536	\$2,239
2 Inflation/Deflation	174	(61)
3 Fixed Costs	(50,376)	(98,357)
<i>Other Present Law Adjustments</i>		
4 Operating Expenses	\$7,866	\$7,866
5 Equipment	(730)	(730)
<i>Total Present Law Adjustments</i>	(\$42,530)	(\$89,043)

Present Law Adjustments

1) **Personal Services** - The increase is the net result of the fiscal 1995 pay plan, fiscal 1994 vacancy savings, and elimination of termination pay in fiscal 1994.

3) **Fixed Costs** - Fixed costs decrease by \$50,376 in fiscal 1996 and \$98,357 in fiscal 1997 primarily because in fiscal 1994, this division paid a majority of the insurance and bonds fixed cost. Those costs are allocated to the other programs in the 1997 biennium.

4) **Operating Expenses** - Increases of \$7,866 each fiscal year were approved to annualize operating costs of the D.A.R.E. coordinator position, which was

only filled for one month in fiscal 1994.

5) Equipment - The legislature approved \$4,000 for equipment in each year of the biennium, a decrease of \$730 over fiscal 1994. These funds will provide replacement for 2 personal computers per year.

4110 28 00000		New Proposals			
New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Personal Services Reductions		(\$7,693)	(\$17,484)		(\$7,747) (\$17,607)
Totals		(\$7,693)	(\$17,484)		(\$7,747) (\$17,607)

New Proposals

1) Personal Services Reductions - The legislature approved reducing personal services through vacancy savings of \$17,484 in fiscal 1996 and \$17,607 in fiscal 1997. This proposal would reduce general fund by approximately \$7,700 each year and other funds by \$9,800 each year.

411029 00000

DEPARTMENT OF JUSTICE**Program Summary****COMPUTER SERV & PLAN DIVISION**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	24.00	0.00	3.00	27.00	0.00	3.00	27.00	27.00
Personal Services	685,412	115,873	45,262	846,547	119,807	45,259	850,478	1,697,025
Operating Expenses	423,107	151,406	2,592	577,105	147,969	4,320	575,396	1,152,501
Equipment	63,801	(47,321)	29,918	46,398	(52,113)	147,032	158,720	205,118
Debt Service	34,122	(952)	0	33,170	(952)	0	33,170	66,340
Total Costs	\$1,206,442	\$219,006	\$77,772	\$1,503,220	\$214,711	\$196,611	\$1,617,764	\$3,120,984
Fund Sources								
General Fund	931,074	109,993	28,713	1,069,780	107,069	28,135	1,066,278	2,136,058
State/Other Special	275,368	109,013	49,059	433,440	107,642	105,476	488,486	921,926
Federal Special	0	0	0	0	0	63,000	63,000	63,000
Total Funds	\$1,206,442	\$219,006	\$77,772	\$1,503,220	\$214,711	\$196,611	\$1,617,764	\$3,120,984

Program Description

The Computer Services and Planning Division provides a full range of automated data processing and telecommunication services for the Department of Justice, including: 1) system development and maintenance of the motor vehicle registration system; 2) driver history system; 3) criminal history record information system and the Montana Uniform Crime Reporting System; 4) computer operator support for the Department of Justice computer system; and 5) system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous state of Montana files.

Funding

Operating costs of the CJIN network are partially supported by the CJIN state special revenue account, which receives revenue from fees charged to user agencies. The balance of the Computer Services and Planning Division (approximately 70 percent) is supported by general fund. In fiscal 1997, a Highway Traffic Safety federal grant of \$63,000 will support a portion of the CJIN 2000 new proposal approved by the legislature.

Present Law Adjustments

- 1) Personal Services - Increases of \$115,873 in fiscal 1996 and \$119,807 in fiscal 1997 are the net result of significant vacancy savings in fiscal 1994, the elimination of fiscal 1994 termination pay, the fiscal 1995 pay plan, and increases in insurance and benefits. In addition, \$4,000 in overtime is included each year.
- 4) Computer Processing Increases - The legislature approved an increase in contracted services (\$143,188 per year), which is due to annualization of computer processing costs and a change in the fee agreement with DofA.
- 5) Communications - The legislature approved an increase of \$1,200 in fiscal 1996 and \$2,400 in fiscal 1997 for an increase of \$100 per month in fiscal 1996 and an increase of \$200 per month in fiscal 1997 for access to the National Law Enforcement Telecommunication System.
- 6) Travel - The legislature approved an increase of \$4,536 each year for travel. Due to staff vacancies, the amount of travel expenditures was less than prior years.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$115,873	\$119,807
2 Inflation/Deflation	(2,771)	(8,324)
3 Fixed Costs	19,954	20,870
Other Present Law Adjustments		
4 Computer Processing Increase	\$143,188	\$143,188
5 Communications	1,200	2,400
6 Travel	4,536	4,536
7 Repair & Maintenance	(14,962)	(14,962)
8 Equipment	(47,321)	(52,113)
9 Misc.	(691)	(691)
Total Present Law Adjustments	\$219,006	\$214,711

7) Repair and Maintenance - The legislature approved a decrease of \$14,962 each year due to a one-time expenditures for repair and maintenance of computer terminals in fiscal 1994.

8) Equipment - The legislature approved \$16,480 for equipment in fiscal 1996 and \$11,688 in fiscal 1997 for the replacement of office equipment, a reduction of \$47,321 in fiscal 1996 and \$52,113 in fiscal 1997 from the fiscal 1994 level.

4110 29 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 CJIN Auditor/Training Position	2.00	\$26,524	\$56,434	2.00	\$26,054	\$55,434
2 CJIN 2000			15,000			133,300
3 4 New CJIN Agencies			14,912			16,640
4 Personal Services Reductions		(29,101)	(39,864)		(29,319)	(40,163)
5 Security/Disast. Recov. Officer	1.00	31,290	31,290	1.00	31,400	31,400
Totals	3.00	\$28,713	\$77,772	3.00	\$28,135	\$196,611

New Proposals

1) CJIN Auditor/Training Position - This proposal adds 2.0 FTE to handle the growth in workload mainly due to compliance with federal policy and the addition of over 20 agencies served. The new FTE and associated operating costs would be supported by general fund of \$26,524 in fiscal 1996 and \$26,054 in fiscal 1997 and CJIN-fee state special revenue funds of \$29,910 in fiscal 1996 and \$29,380 in fiscal 1997.

2) CJIN 2000 - The legislature approved beginning to bring CJIN into compliance with the FBI's National Crime Information Center standards. Full compliance must be completed by 1998. This proposal includes \$15,000 in fiscal 1996 to purchase a fingerprint scanner, an FBI workstation, and a mobile digital terminal. An additional \$133,300 is included in fiscal 1997 for costs associated with a new, mid-range computer and the conversion costs for a new message switcher and other applications. There will be continued costs for the conversion in the 1999 biennium.

All funding in fiscal 1996 and \$70,300 in fiscal 1997 would be provided by CJIN-fee state special revenue funds. The remaining \$63,000 in fiscal 1997 would come from Highway Traffic Safety federal grants reallocated from the Department of Transportation (due to non-compliance with a motorcycle helmet law mandate).

- 3) Expand CJIN Agencies - This proposal funds the cost of computer equipment to add four new users to the CJIN system each year. CJIN-fee state special revenue paid by the agencies support this proposal.
- 4) Personal Services Reductions - The legislature approved reducing personal services through vacancy savings of \$39,864 in fiscal 1996 and \$40,163 in fiscal 1997. This proposal reduced general fund by over \$29,000 each year and other funds by approximately \$10,800.
- 5) Security/Disaster Recovery Officer - The Attorney General requested and the legislature approved adding 1.0 FTE and general fund of \$31,290 in fiscal 1996 and \$31,400 in fiscal 1997 to provide security and disaster recovery tasks for the department's three statewide computerized systems (Title and Registration, Driver License Control, and the Criminal Justice Information Network).

DEPARTMENT OF JUSTICE		EXTRADITION & TRANSPORTATION OF PRISONERS							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Exec. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Exec. Budget Fiscal 1997	Total Exec. Budget Fiscal 96-97
Budget Item									
FTE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	166	(166)		0	0	(166)	0	0	0
Operating Expenses	<u>117,053</u>	<u>24,781</u>		<u>0</u>	<u>141,834</u>	<u>38,964</u>	<u>0</u>	<u>156,017</u>	<u>297,851</u>
Total Costs	\$117,219	\$24,615		\$0	\$141,834	\$38,798	\$0	\$156,017	\$297,851
<u>Fund Sources</u>									
General Fund	<u>117,219</u>	<u>24,615</u>		<u>0</u>	<u>141,834</u>	<u>38,798</u>	<u>0</u>	<u>156,017</u>	<u>297,851</u>
Total Funds	\$117,219	\$24,615		\$0	\$141,834	\$38,798	\$0	\$156,017	\$297,851

Program Description

The Extradition and Transportation of Prisoners program reimburses county sheriffs for allowable expenses associated with transporting prisoners to Montana detention centers and for expenses of extraditing prisoners to Montana.

Funding

This program is supported entirely by general fund.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Employee Benefits and Travel	\$24,615	\$38,798
<i>Total Present Law Adjustments</i>	\$24,615	\$38,798

Present Law Adjustments

- 1) Employee Benefits and Travel - The legislature approved an increase of \$24,615 in fiscal 1996 and \$38,798 in fiscal 1997.

4110 32 00000

DEPARTMENT OF JUSTICE**FORENSIC SCIENCE DIVISION****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	19.50	0.00	2.00	21.50	0.00	2.00	21.50	21.50
Personal Services	874,721	90,898	51,877	1,017,496	96,111	51,455	1,022,287	2,039,783
Operating Expenses	351,596	(21,995)	89,842	419,443	(15,504)	89,842	425,934	845,377
Equipment	63,481	9,754	50,000	123,235	7,354	50,000	120,835	244,070
Debt Service	3,593	(3,593)	0	0	(3,593)	0	0	0
Total Costs	\$1,293,391	\$75,064	\$191,719	\$1,560,174	\$84,368	\$191,297	\$1,569,056	\$3,129,230
Fund Sources								
General Fund	988,803	74,378	160,892	1,224,073	83,383	160,551	1,232,737	2,456,810
State/Other Special	265,295	0	(9,173)	256,122	0	(9,254)	256,041	512,163
Federal Special	39,293	686	40,000	79,979	985	40,000	80,278	160,257
Total Funds	\$1,293,391	\$75,064	\$191,719	\$1,560,174	\$84,368	\$191,297	\$1,569,056	\$3,129,230

Program Description

The Forensic Science Division, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood, breath, and urine samples in connection with Driving Under the Influence of Alcohol or Drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Funding

The Forensic Science Division is funded by earmarked alcohol tax funds of over \$256,000 each fiscal year for the laboratory testing and intoxilizer equipment maintenance done by the State Crime Lab for the DUI enforcement program. These funds also support part of the cost of a DUI specialist forensic scientist position at the lab. The balance of the program is funded by general fund.

The legislature approved \$40,000 in federal fund authority each year in the event the division receives federal funds during the interim.

Present Law Adjustments

- 1) Personal Services - The increase is the net result of fiscal 1994 vacancy savings, salary increases, termination pay, and increases in longevity, benefits, and insurance.
- 4) Supplies - The legislature approved an additional \$2,333 each year for the annualization of supplies for the latent fingerprint examiner as the position was not filled until October 1993.
- 5) Rent - The legislature approved a decrease of \$44,635 each year for rent of non-Department of Administration buildings. The division's lease agreement reflects a decrease in monthly payments as costs for lease improvements were built into beginning years of the lease.
- 6) Equipment - The legislature approved increases of \$9,754 in fiscal 1996 and \$7,354 in fiscal 1997 over the 1994 base expenditures of \$63,481 for upgrading the heating, ventilation, and air conditioning system.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$90,898	\$96,111
2 Inflation/Deflation	10,268	16,642
3 Fixed Costs	8,919	9,036
<i>Other Present Law Adjustments</i>		
4 Supplies	\$2,333	\$2,333
5 Rent	(44,635)	(44,635)
6 Equipment	9,754	7,354
7 Installment Purch	(3,593)	(3,593)
8 Misc. Operating Expenses	1,120	1,120
Total Present Law Adjustments	\$75,064	\$84,368

7) Installment Purchases - The legislature approved a decrease of \$3,593 each year as no more installment payments will be required in the 1997 biennium for the copy machine.

4110 32 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Legislative Contract Authority	0.00	\$0	\$40,000	0.00	\$0	\$40,000
2 Personal Services Reductions	0.00	(39,108)	(48,281)	0.00	(39,449)	(48,703)
3 SB83 De-Earmarking	0.00	50,000	50,000	0.00	50,000	50,000
4 HB551 DNA Testing	2.00	150,000	150,000	2.00	150,000	150,000
Totals	2.00	\$160,892	\$191,719	2.00	\$160,551	\$191,297

New Proposals

- 1) Legislative Contract Authority (LCA) - The legislature approved \$40,000 each year for LCA. For additional information on LCA, see the "Summary of Legislative Action" for the Department of Justice.
- 2) Personal Services Reductions - The legislature approved reducing personal services through vacancy savings of \$48,281 in fiscal 1996 and \$48,703 in fiscal 1997. This savings would result in a general fund reduction of \$39,108 in fiscal 1996 and \$39,449 in fiscal 1997. Alcohol tax state special revenue would be reduced \$9,173 in fiscal 1996 and \$9,254 in fiscal 1997.
- 3) Senate Bill 83 De-earmarking - As a result of the passage of SB 83, income received from the portion of one-half of drivers' license reinstatement fees not distributed to county DUI prevention programs, which had been appropriated through a statutory appropriation in the 1995 biennium, is now appropriated in HB 2. These funds provide \$50,000 general fund each year for the purchase and maintenance of DUI intoxilizers used to analyze breath for the presence of alcohol. In fiscal 1994, a total of \$49,826 was expended for this purpose.

4) House Bill 551 DNA Testing - The legislature appropriated \$300,000 general fund for the biennium to implement HB 551. This bill requires: a) certain sexual and violent offenders to provide DNA samples; and b) the division to establish a DNA identification index and testing requirements for the forensic DNA laboratory. The appropriation will support 2.0 FTE forensic scientists and operating costs of approximately \$100,000 for the biennium.

Language

"The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-effective startup of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately from all other appropriations. In the event that the amount of the department's additional federal contracts exceed its legislative contract authority, additional spending authority must be established in accordance with the provision of the budget amendment law in Title 17, chapter 7, part 4."

"Because of elimination of the statutory appropriation by Senate Bill No. 83, item [Forensic Science Division] has been increased by \$50,000 in general fund money in fiscal year 1996 and by \$50,000 in general fund money in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that eliminates the statutory appropriation, then the general fund amounts in item [Forensic Science Division] are reduced by \$50,000 in fiscal year 1996 and \$50,000 in fiscal year 1997." (Senate Bill 83 was passed and approved.)

MONTANA ARTS COUNCIL

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		9.97	0.03	0.00	10.00	0.03	0.00	10.00	10.00
Personal Services	298,376	13,835	0	312,211	15,883	0	314,259	626,470	
Operating Expenses	193,673	(12,820)	31,467	212,320	(29,318)	31,467	195,822	408,142	
Equipment	3,388	(1,088)	0	2,300	(3,388)	0	0	2,300	
Grants	369,049	(64,996)	0	304,053	(66,624)	0	302,425	606,478	
Total Costs	\$864,486	(\$65,069)	\$31,467	\$830,884	(\$83,447)	\$31,467	\$812,506	\$1,643,390	
Fund Sources									
General Fund	122,838	4,015	0	126,853	(15,125)	0	107,713	234,566	
State/Other Special	153,086	13,637	0	166,723	14,397	0	167,483	334,206	
Federal Special	588,562	(82,721)	31,467	537,308	(82,719)	31,467	537,310	1,074,618	
Total Funds	\$864,486	(\$65,069)	\$31,467	\$830,884	(\$83,447)	\$31,467	\$812,506	\$1,643,390	

The Montana Arts Council (MAC), authorized by section 22-2-101, MCA, cooperates with public and private institutions engaged in artistic and cultural activities. It: 1) recommends appropriate methods to encourage participation in and appreciation of the arts; 2) fosters interest in the state's cultural heritage; 3) expands the state's cultural resources; and 4) encourages and assists freedom of artistic expression through on-going programs and council initiated projects. The council administers the Cultural and Aesthetic Projects Advisory Committee authorized in section 22-2-302, MCA. This committee reviews all proposals for cultural and aesthetic project grants and presents its recommendations to the legislature. Grant proposals approved by the legislature are administered by the Arts Council.

Summary of Legislative Action

The legislature fully funded personal services but reduced grants due to reductions in federal funds and anticipated Cultural and Aesthetic Trust Fund interest earnings. As a result, the authorized budget for the MAC is less than the base budget.

Funding

The MAC is funded with a combination of general fund, community match funds, Cultural and Aesthetic Trust Fund interest earnings and federal funds.

General fund comprises approximately 14 percent of the Council budget and provides \$31,120 each year for grants to local communities and schools.

State special revenue includes: 1) \$35,000 each year of community match funds used to pay artists participating in the Artist in the Schools (AIS) program; and 2) \$131,723 in fiscal 1996 and \$132,483 in fiscal 1997 of Cultural and Aesthetic Trust Fund (coal tax) interest for the purpose of administering the cultural and aesthetic grants and the cost of the advisory council (section 22-2-304, MCA).

Federal funds are from the National Endowment for the Arts (NEA), and include: 1) \$257,651 in fiscal 1996 and \$259,894 in fiscal 1997 for administration and the AIS program; 2) \$248,190 in fiscal 1996 and \$245,949 in fiscal 1997 for grants and honorariums; and 3) \$31,467 each year to contract for a public information officer.

This level of funding represents a significant decrease from the fiscal 1994 base budget. These reductions are the result of declines in interest earnings from the Cultural and Aesthetic Trust Fund and declines in community match funds and federal NEA funds.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$13,835	\$15,883
2 Inflation/Deflation	1,688	1,413
3 Fixed Costs	4,408	(11,201)
<i>Other Present Law Adjustments</i>		
4 Consultant & Professional Services	(\$25,002)	(\$25,616)
5 Equipment	(1,088)	(3,388)
6 Grants	(64,996)	(66,624)
7 Other	6,086	6,086
Total Present Law Adjustments	(\$65,069)	(\$83,447)

Present Law Adjustments

1) **Personal Services** - The legislature authorized adjustments which are the net result of 1994 vacancy savings, pay plan increases, termination payouts, and the addition of .03 FTE to correct an FTE erroneously recorded as .47, rather than .50, FTE.

4) **Consultant & Professional Services** - The legislature authorized a reduction due primarily to a request to add 1.0 FTE and personal services in place of contracted services. The fiscal 1994 base includes funds in operations to contract for a public information officer.

In a related new proposal, the executive requested funding for 1.0 FTE public information officer. The legislature did not authorize funding for this FTE but did provide funding in the new proposal for the

council to contract for the public information officer.

- 5) **Equipment** - The legislature provided \$2,300 in fiscal 1996 to purchase a computer.
- 6) **Grants** - The legislature approved decreases due to reductions in federal funds available for grants.

New Proposals						
New Proposal	FTE	Fiscal 1996 General Fund	Total Funds	FTE	Fiscal 1997 General Fund	Total Funds
1 Public Information Contract			\$31,467			\$31,467
Totals			\$31,467			\$31,467

New Proposals

1) **Public Information Contract** - The legislature provides \$31,467 of federal appropriation authority each year of the biennium to contract with a public information officer to produce the ArtistSearch newsletter and prepare press releases, monthly articles, annual and biennial reports, and applications. The executive requested this funding to convert a present law contract into an FTE. The legislature authorized no funds for personal services but did provide the funds to contract for the services.

Other Legislation

House Bill 9 - This bill establishes priorities and appropriates funds for cultural and aesthetic project grant awards administered by the MAC. These grants are funded by interest from a non-expendable trust which receives a portion of the coal severance tax revenues. HB 9 also: 1) appropriates \$15,000 to the Montana Historical Society for care and conservation of capitol complex artwork; and 2) allows amounts for projects in the 1995 biennium to be reappropriated if money in the cultural and aesthetic projects account is insufficient in the 1995 biennium to fund approved projects. For more information on cultural and aesthetic grants see the Long Range Planning section in Volume II of the Appropriations Report.

5114 00 00000 MONTANA ARTS COUNCIL EXECUTIVE BUDGET COMPARISON									
Agency Summary									
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97	
FTE	9.97	11.00	10.00	(1.00)	11.00	10.00	(1.00)	(1.00)	
Personal Services	298,376	339,098	312,211	(26,887)	341,238	314,259	(26,979)	(53,866)	
Operating Expenses	193,673	185,433	212,320	26,887	169,776	195,822	26,046	52,933	
Equipment	3,388	2,300	2,300	0	0	0	0	0	
Grants	369,049	304,053	304,053	0	302,425	302,425	0	0	
Total Costs	\$864,486	\$830,884	\$830,884	\$0	\$813,439	\$812,506	(\$933)	(\$933)	
<u>Fund Sources</u>									
General Fund	122,838	212,313	126,853	(85,460)	194,106	107,713	(86,393)	(171,853)	
State/Other Special	153,086	106,004	166,723	60,719	106,764	167,483	60,719	121,438	
Federal Special	588,562	512,567	537,308	24,741	512,569	537,310	24,741	49,482	
Total Funds	\$864,486	\$830,884	\$830,884	\$0	\$813,439	\$812,506	(\$933)	(\$933)	

Executive Budget Comparison

The legislature authorized present law as requested in the Executive Budget. However, the legislature did not approve two new proposals to replace \$49,482 of federal funds and \$121,438 of cultural and aesthetic trust funds in the Rural Arts and Folklife programs with \$170,920 of general fund. Additionally, the legislature did not authorize the executive request for a 1.0 FTE public information officer, but added \$31,467 in federal funding each year to contract for these services. The difference in fiscal 1997 is due to an adjustment in deflation applied to all agencies.

5115 00 00000

LIBRARY COMMISSION**Agency Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	28.50	0.00	0.00	28.50	0.00	0.00	28.50	28.50
Personal Services	851,033	(103,040)	(37,030)	710,963	(99,950)	(37,308)	713,775	1,424,738
Operating Expenses	585,017	(142,855)	26,461	468,623	(169,982)	26,461	441,496	910,119
Equipment	142,998	(7,558)	29,802	165,242	(12,940)	45,266	175,324	340,566
Capital Outlay	7,962	(7,962)	0	0	(7,962)	0	0	0
Grants	687,533	1,103,822	100,000	1,891,355	(312,532)	100,000	475,001	2,366,356
Performance-Based	0	1,583,923	0	1,583,923	0	0	0	1,583,923
Debt Service	1,818	(1,818)	0	0	(1,818)	0	0	0
Total Costs	\$2,276,361	\$2,424,512	\$119,233	\$4,820,106	(\$605,184)	\$134,419	\$1,805,596	\$6,625,702
Fund Sources								
General Fund	1,131,030	338,365	92,772	1,562,167	(13,022)	107,958	1,225,966	2,788,133
State/Other Special	533,062	591,647	0	1,124,709	(369,977)	0	163,085	1,287,794
Federal Special	612,269	1,494,500	26,461	2,133,230	(222,185)	26,461	416,545	2,549,775
Total Funds	\$2,276,361	\$2,424,512	\$119,233	\$4,820,106	(\$605,184)	\$134,419	\$1,805,596	\$6,625,702

Agency Description

The Library Commission, authorized in section 22-1-101, MCA, provides assistance and advice to all tax-supported libraries and to local governments that may wish to establish or improve libraries. In addition to administering state and federal funding to libraries throughout Montana, it: 1) maintains and operates the state library; 2) oversees the six federations of libraries; and 3) does policy development, long-range planning, and coordination of library service throughout the state. It is also responsible for the Natural Resource Information System (NRIS) and the Natural Heritage Program under section 90-15-101, MCA.

Summary of Legislative Action

The legislature implemented a vacancy savings rate of approximately 5 percent, authorized grants to local libraries at the same level as approved by the 1993 legislature, and approved funding for a library automation system and the interlibrary loan program.

Additionally, the legislature authorized a performance based budget for the NRIS program. The legislature appropriated \$1,583,923 over the biennium for this program to accomplish the goals listed in that program narrative. This amount is authorized as a lump sum, and is not allocated to specific expenditure categories.

Executive Budget Comparison

The executive modified the original budget and the legislature authorized the revised budget as requested. The authorized budget is \$428,901 less than originally requested by the executive. This reduction is primarily due to decreases in the amounts requested for: 1) legislative contract authority in the NRIS program; and 2) the library automation system.

Additionally, the legislature approved a biennial appropriation for the NRIS program, which is reflected only in the first year of the biennium. The original Executive Budget requested annual funding.

5115 00 00000 LIBRARY COMMISSION Agency Summary		EXECUTIVE BUDGET COMPARISON						
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	28.50	28.50	28.50	0.00	28.50	28.50	0.00	0.00
Personal Services	851,033	848,879	710,963	(137,916)	852,271	713,775	(138,496)	(276,412)
Operating Expenses	585,017	823,940	468,623	(355,317)	798,247	441,496	(356,751)	(712,068)
Equipment	142,998	257,396	165,242	(92,154)	257,514	175,324	(82,190)	(174,344)
Capital Outlay	7,962	0	0	0	0	0	0	0
Grants	687,533	1,891,355	1,891,355	0	475,001	475,001	0	0
Performance-Based	0	850,000	1,583,923	733,923	0	0	0	733,923
Debt Service	1,818	0	0	0	0	0	0	0
Total Costs	\$2,276,361	\$4,671,570	\$4,820,106	\$148,536	\$2,383,033	\$1,805,596	(\$577,437)	(\$428,901)
Fund Sources								
General Fund	1,131,030	1,543,904	1,562,167	18,263	1,304,180	1,225,966	(78,214)	(59,951)
State/Other Special	533,062	1,056,121	1,124,709	68,588	617,308	163,085	(454,223)	(385,635)
Federal Special	612,269	2,071,545	2,133,230	61,685	461,545	416,545	(45,000)	16,685
Total Funds	\$2,276,361	\$4,671,570	\$4,820,106	\$148,536	\$2,383,033	\$1,805,596	(\$577,437)	(\$428,901)

5115 01 00000

LIBRARY COMMISSION**Program Summary****STATE LIBRARY OPERATIONS**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	24.50	0.00	0.00	24.50	0.00	0.00	24.50	24.50
Personal Services	703,248	44,745	(37,030)	710,963	47,835	(37,308)	713,775	1,424,738
Operating Expenses	361,959	80,203	26,461	468,623	53,076	26,461	441,496	910,119
Equipment	133,787	1,653	29,802	165,242	(3,729)	45,266	175,324	340,566
Capital Outlay	7,962	(7,962)	0	0	(7,962)	0	0	0
Grants	687,533	1,103,822	100,000	1,891,355	(312,532)	100,000	475,001	2,366,356
Debt Service	1,752	(1,752)	0	0	(1,752)	0	0	0
Total Costs	\$1,896,241	\$1,220,709	\$119,233	\$3,236,183	(\$225,064)	\$134,419	\$1,805,596	\$5,041,779
Fund Sources								
General Fund	1,131,030	242,535	92,772	1,466,337	(13,022)	107,958	1,225,966	2,692,303
State/Other Special	175,542	17,759	0	193,301	(12,457)	0	163,085	356,386
Federal Special	589,669	960,415	26,461	1,576,545	(199,585)	26,461	416,545	1,993,090
Total Funds	\$1,896,241	\$1,220,709	\$119,233	\$3,236,183	(\$225,064)	\$134,419	\$1,805,596	\$5,041,779

Program Description

The State Library Operations program provides: 1) information services to state government; 2) referral and back-up services to all libraries in the state; 3) direct library service to all blind and physically handicapped Montana residents; 4) staff consultation and services to individual libraries; and 5) direction to the six library federations. This program administers the state documents depository system, functions as a partial depository for federal government publications, and coordinates the development of library collections throughout the state. The program also manages the budgetary, personnel, and coordination functions of the State Library.

Funding

Table 1 shows the funding for the State Library Operations program:

Table 1
State Library Operations Funding

Funding	Fiscal 1996	Fiscal 1997
General Fund		
Grants to Public Libraries (Biennial)	\$251,138	\$0
LSCA Maintenance of Effort*	83,000	83,000
Interlibrary Loan Program	300,000	300,000
Operations	802,397	797,700
Library Automation System	29,802	45,266
Total General Fund	<u>\$1,466,337</u>	<u>\$1,225,966</u>
State Special Revenue		
Miscellaneous Donations	\$2,000	\$2,000
Talking Book Lib. Donations (Biennial)	25,000	0
Coal Tax	166,301	161,085
Total Special Revenue	<u>\$193,301</u>	<u>\$163,085</u>
Federal Special Revenue		
Operations	\$390,084	\$390,084
Grants (Biennial)	1,160,000	0
Literacy Resource Center	26,461	26,461
Total Federal Funds	<u>\$1,576,545</u>	<u>\$416,545</u>
Total All Funds	<u>\$3,236,183</u>	<u>\$1,805,596</u>

*Library Services and Construction Act

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$44,745	\$47,835
2 Inflation/Deflation	1,042	324
3 Fixed Costs	45,886	35,297
Other Present Law Adjustments		
4 Contracts with Non-profits	\$20,427	\$17,385
5 Equipment	1,653	(3,729)
6 Grants	1,103,822	(312,532)
7 Other	3,134	(9,644)
Total Present Law Adjustments	\$1,220,709	(\$225,064)

Present Law Adjustments

- 1) **Personal Services** - The legislature funded personal services increases due to annualization of the pay plan and other adjustments, as included in the executive budget.
- 4) **Contracts with Non-Profits** - The legislature increased contracts with non-profits by \$20,427 in fiscal 1996 and \$17,385 in fiscal 1997. This increase is primarily due to a subscription with InfoTrac, which provides computer access to business and academic indexes and articles.
- 5) **Equipment** - The legislature authorized an increase in fiscal 1996 and a decrease in fiscal 1997 for equipment. These adjustments provide funding for library books and computers.

- 6) **Grants** - The federal funds the library receives for Library Services and Construction Act (LSCA) projects can be spent over several years. Therefore, the legislature authorized a biennial appropriation for these funds. The adjustments provide expenditure authority at the same level authorized by the 1993 legislature.

7) Other - Other adjustments are for supplies and materials, communications, and travel. The majority of these expenses relate to a \$25,000 biennial appropriation established to enhance services to the Montana Talking Book Library. These expenditures are funded from grants and bequests.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Library Automation System	0.00	\$29,802	\$29,802	0.00	\$45,266	\$45,266
2 Interlibrary Loan Increase	0.00	100,000	100,000	0.00	100,000	100,000
3 Personal Services Reduction	0.00	(37,030)	(37,030)	0.00	(37,308)	(37,308)
4 Literacy Resource Center	0.00	0	26,461	0.00	0	26,461
Totals	0.00	\$92,772	\$119,233	0.00	\$107,958	\$134,419

New Proposals

1) Library Automation System - The legislature appropriated general fund of \$29,802 in fiscal 1996 and \$45,266 in fiscal 1997 to provide partial funding for a library automation system and clearinghouse. This system will be an expansion of the library local area network and will be accessible to government agencies, private industries, and individuals.

This library automation system will provide automated library circulation, a public access catalog, and remote access to the library via Internet and dial-in modems. The information clearinghouse will include descriptions and locations of various data around the state and nation, databases, a digital map atlas for Montana of all maps created by NRIS and other organizations, and natural resource documents.

Additionally, the performance based budget in the NRIS program includes \$102,004 of state special revenue funds (resource indemnity trust funds) to fund its share of the automation system and clearinghouse.

The legislature approved the executive proposal to fund the equipment necessary for this system through a five year installment agreement between the State Purchasing Bureau and Norwest Investment Services. Funds authorized in this proposal will pay for software costs, maintaining and operating the system, and the installment agreement cost for the equipment. To fund the installment agreement and provide maintenance for this system, the library plans to request \$68,097 (approximately \$41,000 general fund) each year for fiscal years 1998, 1999, and 2000. The equipment will belong to the state at the end of the five years.

2) Interlibrary Loan Increase - The legislature appropriated general fund of \$100,000 each year to increase funding for the interlibrary loan program. According to statute, the state library must reimburse certain Montana libraries for participating in the interlibrary loan program. The State Library Commission determines the amount of reimbursement based on number of loans and available funds. In past years, the reimbursement amount was \$5.50 per loan. Due to increases in the volume of interlibrary loans, the amount of reimbursement has been reduced to \$3.75 per loan to stay within available appropriations. This proposal increases the amount per loan to \$5.50.

3) Personal Services Reduction - The legislature approved an executive proposal to reduce general fund personal services by \$37,030 in fiscal 1996 and \$37,308 in fiscal 1997 by implementing vacancy savings of approximately 5 percent.

4) Literacy Resource Center - The legislature authorized federal funds of \$26,461 each year to continue the operation of the resource center. The center was established in fiscal 1994 through a budget amendment. The function of the center is to: a) stimulate the coordination of literacy services, b) enhance the capacity of state and local organizations to provide literacy services, and c) serve as a link between the National Institute for Literacy and service providers to share information, resources, and expertise.

Language

"Item 1 [State Library Operations] includes biennial appropriations of \$251,138 in general fund money and \$1,160,000 in federal funds for grants to local libraries."

5115 07 00000

LIBRARY COMMISSION**Program Summary****NATURAL RESOURCE INFO SERVICES**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	147,785	(147,785)	0	0	(147,785)	0	0	0
Operating Expenses	223,058	(223,058)	0	0	(223,058)	0	0	0
Equipment	9,211	(9,211)	0	0	(9,211)	0	0	0
Performance-Based	0	1,583,923	0	1,583,923	0	0	0	1,583,923
Debt Service	66	(66)	0	0	(66)	0	0	0
Total Costs	\$380,120	\$1,203,803	\$0	\$1,583,923	(\$380,120)	\$0	\$0	\$1,583,923
Fund Sources								
General Fund	0	95,830	0	95,830	0	0	0	95,830
State/Other Special	357,520	573,888	0	931,408	(357,520)	0	0	931,408
Federal Special	22,600	534,085	0	556,685	(22,600)	0	0	556,685
Total Funds	\$380,120	\$1,203,803	\$0	\$1,583,923	(\$380,120)	\$0	\$0	\$1,583,923

Program Description

The NRIS Program manages the state's natural resource data. It provides a standard system for the acquisition, storage, retrieval, and management of this data, and it coordinates and consults with other state agencies on the geographic information system and the rivers' study. The program also administers the Montana natural heritage program, a database on rare or exemplary plants, animals, communities, and geological features.

Funding

The following table shows the biennial funding for the performance based budget authorized for the NRIS Program:

Table 3
NRIS Performance Based Budget Funding

	Fiscal 1996-1997 Biennial Funding			
	General Fund	State Special	Federal/ Other	Total Funds
NRIS Core				
FWP		\$115,000		\$115,000
DOT		200,000		200,000
DSL		10,000	\$90,000	100,000
Renewable Resources (RIT)		321,372		321,372
Reclamation & Development (RIT)		285,036		285,036
General Fund	\$95,830			95,830
LCA			466,685	466,685
Total	\$95,830	\$931,408	\$556,685	\$1,583,923
LCA - Legislative Contract Authority				

As shown in the table, all funds are state special and federal revenue except for \$95,830 general fund.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	(\$147,785)	(\$147,785)
2 Inflation/Deflation	767	470
3 Fixed Costs	15,782	15,789
<i>Other Present Law Adjustments</i>		
4 Operations - Performance Based Budget	\$1,335,039	(\$248,594)
Total Present Law Adjustments	\$1,203,803	(\$380,120)

Present Law Adjustments

Performance-Based Budget - The legislature authorized the performance-based budget recommended by the executive. This budget specifies a mission statement for the NRIS program, lists three goals the NRIS program plans to accomplish, and establishes performance measures and targets to evaluate the success of the program. The legislature authorized a biennial appropriation of \$1,583,923, of which \$95,830 is general fund, to operate this program and accomplish the goals. The legislature appropriated a lump sum and did not allocate funding by expenditure category (such as personal services and operating expenses). The lump sum appropriated provides funding for all present law adjustments and new proposals submitted under the statutory budget process.

The significant disparity between the fiscal 1996 and fiscal 1997 present law adjustments is due to two factors: 1) the legislature authorized a biennial appropriation for this program, so the entire budget is recorded in fiscal 1996 and can be spent in either year of the biennium; and 2) the NRIS program uses legislative contract authority (LCA) to contract with public and private entities. This authority was removed from the fiscal 1994 base but is included in the performance based budget for the 1997 biennium.

The performance-based budget goals and performance measures are documented in the "Language" section.

New Proposals

The legislature authorized a biennial, performance-based budget of \$1,583,923 for the NRIS program. The legislature did not review individual present law adjustments or new proposals for this program. The budget was presented to the legislature and appropriated as a true performance-based budget with goals, performance measures, and a bottom-line dollar amount. Since the legislature appropriated a lump-sum for this program and did not allocate the funding to specific expenditure categories or proposals, no new proposals are listed. See the "Language" section of this narrative for goals and performance measures.

Language

"Item 2a [NRIS Performance-Based Budget] is a biennial, performance-based budget and must be used to achieve the following goals:

- (1) to operate a natural resource information clearinghouse;
- (2) to support interagency data coordination and standards; and
- (3) to provide user support and tools.

NRIS is required to provide performance measure progress reports to the legislative fiscal analyst and the office of budget and program planning semiannually. Performance measures as shown in the 1997 biennium appropriations report are adopted as legislative intent."

Performance measures are as follows:

Goal 1 - Performance Measures

1. Through the Natural Heritage program (NHP), the Water Information System (WIS), and the Geographic Information System (GIS) programs, inventory existing natural resource information.
 - a) contact at least 50 GIS users in Montana and document geographic data holdings;
 - b) publicize results of data inventory to at least 1000 data users yearly and continually on the Internet.
2. Through the NHP, WIS, and GIS programs, manage a timely, cost-effective clearinghouse and referral service to link users with the best sources of natural resource information.
 - a) fill a minimum of 1000 basic information requests per year through the GIS, WIS, and NHP programs;
 - b) fill approximately 500 contract supported information requests and products per year;
 - c) identify and establish access to at least four new sources of data per year;
 - d) produce and distribute drought monitoring maps for February through August each year;
 - e) promote the clearinghouse activities to at least 1000 data users yearly and continually on the Internet.
3. Through the NHP, WIS, and GIS programs, identify gaps in natural resource information.
 - a) review data availability for every information request and record any data gaps;
 - b) add 400 new species occurrence records, 800 abstracted bibliographies, 1,000 species taxonomic records, and 350 plan characterization abstracts to the databases;
 - c) conduct 25 comprehensive heritage field surveys and publish reports summarizing results;
 - d) work with state and federal natural resource agencies to determine 15 biological data priorities which could be developed/managed;
 - e) facilitate at least six meetings on data coordination and sharing that identify data gaps.
4. Through the NHP, WIS, and GIS programs, and cooperation with other entities, assist in filling natural resource information gaps.
 - a) enter into at least four projects (contracts) to help fill data gaps;
 - b) develop, manage and make available 10 data sets based on identified priorities;
 - c) develop a plan for completing two statewide basemap layers;
 - d) facilitate two statewide cooperative database development projects;
 - e) update four statewide water information GIS coverages annually;
 - f) coordinate at least two meetings annually with major information sources to help focus resources toward filling known gaps.

Goal 2 - Performance Measures

1. Serve as liaison and coordinate among agencies that collect, manage or use the same types of natural resource information to prevent duplication of effort and promote information sharing.
 - a) provide support to natural resource coordinating bodies such as the Interagency GIS Technical Working group, the Interagency Natural Areas Working Group, the Interagency Water Coordinating Group, and the Interagency Ecosystem Management Working Group;
 - b) facilitate at least six meetings on data coordination and sharing;
 - c) assist in the publication of four GIS newsletters;
 - d) make at least 12 public presentations on natural resource information topics;
 - e) facilitate at least six meetings on data coordination and sharing;
 - f) inventory active information creation projects in Montana and publicize the results.
2. Through the NHP, WIS, and the GIS programs, assist in the development of standards for the collection of natural resource information.
 - a) assist the development of data collection and documentation standards for state, federal, and local government agencies;

- b) review Montana State GIS standards and revise it to adhere to federal standards;
- c) inventory and make available information collection and documentation standards;
- d) standardize species data collection formats for sensitive plants and animals and natural communities;
- e) establish inventory, monitoring and biodiversity assessment standards;
- f) develop biological community classification system for Montana.

Goal 3 - Performance Measures

1. Through the NHP, WIS, and the GIS provide technical assistance and consultation to state agency and other NRIS data patrons.
 - a) consult with state agencies and local government on information systems needs assessments, database design, information management tools, and pilot project development;
 - b) support state agency libraries by participating in the State Agency Librarians Roundtable and providing training and support.
2. Develop and make available the tools for the access and use of natural resource information.
 - a) develop and implement on-line natural resource information search tools;
 - b) publish and distribute three references/guides on Montana species.

Legislative contract authority (LCA) provides a means by which the NRIS program can contract with public and private entities without seeking a budget amendment. The performance based budget approved by the legislature includes legislative contract authority that is restricted by the following language:

"Item 2a [NRIS Performance-Based Budget] includes \$466,685 for legislative contract authority, subject to the following provisions:

- (1) Legislative contract authority applies only to state special funds received from the Montana university system, federal funds, and private funds.
- (2) Legislative contract authority expenditures must be reported on state accounting records. The records must be separate from present law operations.
- (3) A report must be submitted by the Montana state library commission to the legislative fiscal analyst following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for each project."

"Item 2a [NRIS Performance-Based Budget] includes \$20,000 for transfers from the Department of State Lands. The Montana State Library Commission may transfer appropriation authority between the state special revenue fund and the federal special revenue fund to correspond with the appropriation authority transferred from the Department of State Lands as long as the totals are not exceeded."

HISTORICAL SOCIETY

Agency Summary	Base Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	Total Leg. Budget
Budget Item	Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE	48.38	(0.25)	1.00	49.13	(0.25)	1.00	49.13	49.13
Personal Services	1,467,443	13,707	(24,852)	1,456,298	18,765	(24,966)	1,461,242	2,917,540
Operating Expenses	828,454	90,027	108,550	1,027,031	73,933	98,550	1,000,937	2,027,968
Equipment	37,213	6,529	2,000	45,742	529	2,000	39,742	85,484
Grants	141,289	108,711	0	250,000	108,711	0	250,000	500,000
Transfers	51,329	770	0	52,099	770	0	52,099	104,198
Debt Service	577	(577)	0	0	(577)	0	0	0
Total Costs	\$2,526,305	\$219,167	\$85,698	\$2,831,170	\$202,131	\$75,584	\$2,804,020	\$5,635,190
Fund Sources								
General Fund	1,343,285	43,963	(59,331)	1,327,917	29,259	(59,397)	1,313,147	2,641,064
State/Other Special	90,071	4,106	57,872	152,049	4,600	57,752	152,423	304,472
Federal Special	502,380	110,131	(891)	611,620	107,427	(10,931)	598,876	1,210,496
Proprietary	590,569	60,967	88,048	739,584	60,845	88,160	739,574	1,479,158
Total Funds	\$2,526,305	\$219,167	\$85,698	\$2,831,170	\$202,131	\$75,584	\$2,804,020	\$5,635,190

Agency Description

The Montana Historical Society (MHS), authorized in section 22-3-101, MCA, exists for the: 1) use, learning, culture, and enjoyment of the citizens of the state; and 2) acquisition, preservation, and protection of historical records, art, archival and museum objects, historical places, sites, and monuments. The society: 1) maintains a library, an art gallery, a museum, and historical exhibits; 2) publishes the state historical magazine, a newsletter, and other historical works; and 3) provides educational information. The agency also administers the National Historic Preservation Act and the State Antiquities Act.

Summary of Legislative Action

The legislature reduced personal services approximately 5 percent by eliminating 0.75 FTE and implementing vacancy savings. The legislature authorized a \$75,000 grant each year from the Department of Commerce (Montana Promotion Program bed tax funding) to operate the Capitol Tour Program and the Original Governor's Mansion Tour Program. This grant replaces \$59,700 of general fund and will also be used for restoration at the Original Governor's Mansion. The legislature added 1.75 FTE and a total of \$312,607 over the biennium in various new proposals. Approval of these new proposals resulted in a net decrease in general fund of \$45,700.

Language

"Item [administration program] includes \$67,714 each fiscal year and item [museum program] includes \$7,286 each fiscal year of lodging facilities use tax revenue granted from the Montana promotion program under the department of commerce. This appropriation is to provide tours of the capitol and the original governor's mansion and rehabilitation of the original governor's mansion. It is the intent of the 54th legislature that similar amounts be appropriated to the Montana historical society for these purposes in subsequent bienniums."

5117 00 00000 HISTORICAL SOCIETY		EXECUTIVE BUDGET COMPARISON							
<u>Agency Summary</u>		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item									
FTE		48.38	50.63	49.13	(1.50)	50.63	49.13	(1.50)	(1.50)
Personal Services	1,467,443	1,502,563	1,456,298	(46,265)	1,507,635	1,461,242	(46,393)	(92,658)	
Operating Expenses	828,454	981,881	1,027,031	45,150	957,138	1,000,937	43,799	88,949	
Equipment	37,213	45,742	45,742	0	39,742	39,742	0	0	
Grants	141,289	250,000	250,000	0	250,000	250,000	0	0	
Transfers	51,329	52,099	52,099	0	52,099	52,099	0	0	
Debt Service	577	0	0	0	0	0	0	0	
Total Costs	\$2,526,305	\$2,832,285	\$2,831,170	(\$1,115)	\$2,806,614	\$2,804,020	(\$2,594)	(\$3,709)	
<u>Fund Sources</u>									
General Fund	1,343,285	1,327,917	1,327,917	0	1,313,524	1,313,147	(377)	(377)	
State/Other Special	90,071	106,899	152,049	45,150	107,273	152,423	45,150	90,300	
Federal Special	502,380	657,885	611,620	(46,265)	645,834	598,876	(46,958)	(93,223)	
Proprietary	590,569	739,584	739,584	0	739,983	739,574	(409)	(409)	
Total Funds	\$2,526,305	\$2,832,285	\$2,831,170	(\$1,115)	\$2,806,614	\$2,804,020	(\$2,594)	(\$3,709)	

Executive Budget Comparison

The legislature approved the Executive Budget as requested with two exceptions. The legislature authorized a modified executive proposal to replace \$29,850 of general fund in the Capitol Tour Program and the Original Governor's Mansion Tour Program with a \$75,000 bed tax grant from the Montana Promotions Program at Department of Commerce. The grant funds the tour programs and provides \$45,150 for brochure printing and restoration at the Original Governor's Mansion.

This funding switch was included in the original Executive Budget, although it was accomplished through a change in statute rather than a grant from the Department of Commerce. The \$45,150 per year increase in state special revenue, although an executive request, was not included in the original Executive Budget.

The legislature did not approve an executive proposal to add federal funds of \$46,265 in fiscal 1996 and \$46,393 in fiscal 1997 to fund a 0.5 FTE, grade 12 information systems technician and a 1.0 FTE, grade 14 field survey archaeologist/historian in the Historical Sites Preservation Program.

511701 00000

HISTORICAL SOCIETY
 Program Summary

ADMINISTRATION PROGRAM.

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	13.25	(0.25)	(0.75)	12.25	(0.25)	(0.75)	12.25	12.25
Personal Services	382,937	6,377	(21,439)	367,875	7,507	(21,506)	368,938	736,813
Operating Expenses	295,129	30,996	45,150	371,275	16,808	45,150	357,087	728,362
Equipment	0	1,000	0	1,000	0	0	0	1,000
Total Costs	\$678,066	\$38,373	\$23,711	\$740,150	\$24,315	\$23,644	\$726,025	\$1,466,175
Fund Sources								
General Fund	562,134	30,219	(26,358)	565,995	15,538	(26,310)	551,362	1,117,357
State/Other Special	74,482	4,607	50,586	129,675	5,101	50,466	130,049	259,724
Federal Special	41,450	3,547	(517)	44,480	3,676	(512)	44,614	89,094
Total Funds	\$678,066	\$38,373	\$23,711	\$740,150	\$24,315	\$23,644	\$726,025	\$1,466,175

Program Description

The Administration Program provides supervision, administration, and coordination of the five programs in the Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, and building management. In addition, the program provides tours and travelling exhibits.

Funding

Approximately 76 percent of the Administration Program is funded with general fund. The remaining funding is from state special revenues (donations) and federal funds, which are the allowable indirect costs of administering federal programs.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$6,377	\$7,507
2 Inflation/Deflation	1,060	1,738
3 Fixed Costs	26,145	11,279
<u>Other Present Law Adjustments</u>		
4 Equipment	\$1,000	\$0
5 Other	3,791	3,791
<u>Total Present Law Adjustments</u>	\$38,373	\$24,315

Present Law Adjustments

- 1) Personal Services - The legislature funded all personal services increases due to annualization of the pay plan and other adjustments, as included in the Executive Budget.
- 4) Equipment - The legislature provided \$1,000 in fiscal 1996 to replace a security paging amplifier.
- 5) Other - The legislature included an increase of \$3,791 in each year of the biennium for travel, repair and maintenance, and miscellaneous other expenses.

New Proposals

- 1) Tour Program Funding Switch - The legislature authorized a \$75,000 grant of accommodations tax from the Montana Promotions Program under Department of Commerce to the Historical Society to: 1) operate the Capitol

5117 01 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Tour Program Funding Switch		(\$22,564)	\$45,150		(\$22,564)	\$45,150
2 Personal Services Reductions	(0.75)	(3,794)	(21,439)	(0.75)	(3,746)	(21,506)
Totals	(0.75)	(\$26,358)	\$23,711	(0.75)	(\$26,310)	\$23,644

Tour Program - \$22,564 and 1.5 FTE; 2) operate the Original Governor's Mansion Tour Program - \$7,286 and 0.5 FTE; 3) reprint walking tour brochures of the capitol - \$7,000; and 4) provide restoration of the Original Governor's Mansion - \$38,150. This grant replaces \$29,850 of general fund used to fund the tour programs and increases total Historical Society funding \$45,150.

2) Personal Services Reductions - The legislature approved an executive proposal to eliminate 0.75 FTE and reduce personal services by \$21,439 in fiscal 1996 and \$21,506 in fiscal 1997. This 5.5 percent reduction was obtained by: a) reducing three 0.75 FTE positions to 0.50 FTE positions; and b) implementing vacancy savings of \$4,313 in fiscal 1996 and \$4,257 in fiscal 1997.

5117 02 00000

HISTORICAL SOCIETY

Program Summary

LIBRARY PROGRAM

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	13.75	0.00	0.00	13.75	0.00	0.00	13.75	13.75
Personal Services	397,071	19,992	(20,853)	396,210	21,553	(20,931)	397,693	793,903
Operating Expenses	62,089	6,654	10,500	79,243	6,805	10,500	79,394	158,637
Equipment	<u>18,711</u>	(211)	<u>2,000</u>	<u>20,500</u>	(911)	<u>2,000</u>	<u>19,800</u>	<u>40,300</u>
Total Costs	\$477,871	\$26,435	(\$8,353)	\$495,953	\$27,447	(\$8,431)	\$496,887	\$992,840
Fund Sources								
General Fund	438,453	16,681	(13,036)	442,098	17,282	(13,108)	442,627	884,725
State/Other Special	4,497	(497)	0	4,000	(497)	0	4,000	8,000
Proprietary	<u>34,921</u>	<u>10,251</u>	<u>4,683</u>	<u>49,855</u>	<u>10,662</u>	<u>4,677</u>	<u>50,260</u>	<u>100,115</u>
Total Funds	\$477,871	\$26,435	(\$8,353)	\$495,953	\$27,447	(\$8,431)	\$496,887	\$992,840

Program Description

The Library Program acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs, and oral history illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West. It also assists researchers seeking historical information.

Funding

Approximately 89 percent of the Library Program is funded with general fund. State special revenue includes \$4,000 in each year of the biennium from Teakle trust funds earmarked for the acquisition of specialized books. Proprietary fund revenue is from the sale of copies of photographs and documents.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$19,992	\$21,553
2 Inflation/Deflation	397	608
3 Fixed Costs	1,382	1,322
Other Present Law Adjustments		
4 Repair and Maintenance	\$4,734	\$4,734
5 Equipment	(211)	(911)
6 Other	141	141
Total Present Law Adjustments	\$26,435	\$27,447

Present Law Adjustments

1) Personal Services - The legislature funded all personal services increases due to annualization of the pay plan and other adjustments, as included in the Executive Budget.

4) Repair and Maintenance - The legislature provided an additional \$4,734 each year of the biennium to provide maintenance contracts for computers, software, and microfilm readers.

5) Equipment - The legislature authorized \$18,500 in fiscal 1996 and \$17,800 in fiscal 1997 to purchase the following equipment: a) library books; b) file cabinets; c) industrial shelving; d) storage cabinets; and e) CD ROM drives. Fiscal 1994 expenditures totaled \$18,711.

5117 02 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Microfilming Archives		\$5,000	\$5,000		\$5,000	\$5,000
2 Archival Photos & Copier			5,500			5,500
3 Binding - Rebinding		2,000	2,000		2,000	2,000
4 Personal Services Reductions		(20,036)	(20,853)		(20,108)	(20,931)
Totals		(\$13,036)	(\$8,353)		(\$13,108)	(\$8,431)

New Proposals

- 1) Microfilming Archives - The legislature authorized a general fund increase of \$5,000 each year of the biennium to microfilm manuscripts and state records. The Historical Society contracts with the Secretary of State Records Management Bureau and other microfilming companies to provide microfilming services. The Historical Society will expand the volume of microfilmed documents to include systematic microfilming of manuscripts and older state records. Present law includes \$11,721 each year for microfilming, so this new proposal represents an increase of 43 percent.
- 2) Archival Photo Storage Supplies and Photocopier - The legislature approved a \$5,500 increase in proprietary funds each year of the biennium. Photograph storage supplies will cost \$2,400 per year and a photocopier lease will cost \$3,100 per year. The Historical Society has \$5,623 per year in present law to purchase photographic storage supplies; however, this funding will allow the society to preserve an additional 5,000 photographs each year. The cost of the photocopier will be recouped over time through charges for photocopies.
- 3) Binding/Rebinding - The legislature appropriated \$2,000 of general fund each year of the biennium to fund the binding and rebinding of 250 volumes of books and periodicals per year. The 1993 legislature appropriated \$2,000 per year in the 1995 biennium for periodical binding. Due to special session reductions, these funds were spent on library books and equipment rather than for binding. In previous biennia, the society has either not had any binding done or used funds appropriated for other purposes to pay for binding and rebinding.
- 4) Personal Services Reductions - The legislature approved an executive proposal to reduce personal services by implementing 5.0 percent vacancy savings.

5117 03 00000

HISTORICAL SOCIETY

Program Summary

MUSEUM PROGRAM

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	6.50	0.00	0.00	6.50	0.00	0.00	6.50	6.50
Personal Services	198,710	(2,416)	(9,815)	186,479	(1,578)	(9,857)	187,275	373,754
Operating Expenses	46,358	1,421	12,900	60,679	2,041	12,900	61,299	121,978
Equipment	1,440	660	0	2,100	(1,440)	0	0	2,100
Total Costs	\$246,508	(\$335)	\$3,085	\$249,258	(\$977)	\$3,043	\$248,574	\$497,832
Fund Sources								
General Fund	231,298	(358)	(17,101)	213,839	(982)	(17,143)	213,173	427,012
State/Other Special	11,092	(4)	7,286	18,374	(4)	7,286	18,374	36,748
Proprietary	4,118	27	12,900	17,045	9	12,900	17,027	34,072
Total Funds	\$246,508	(\$335)	\$3,085	\$249,258	(\$977)	\$3,043	\$248,574	\$497,832

Program Description

The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits and educational activities.

Funding

Approximately 86 percent of the Museum Program is funded with general fund. State special revenue consists of \$11,088 in donations each year, including \$3,700 each year for modifications at the Original Governor's Mansion, and \$7,286 each year of bed tax funds granted from the Montana Promotions Program at Department of Commerce to fund tours of the Original Governor's Mansion. Proprietary funds are from the sale of copies of photographs and documents, and from fees charged for use of the traveling exhibits.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	(\$2,416)	(\$1,578)
2 Inflation/Deflation	194	210
3 Fixed Costs	1,026	998
<i>Other Present Law Adjustments</i>		
4 Equipment	\$660	(\$1,440)
5 Other	201	833
Total Present Law Adjustments	(\$335)	(\$977)

Present Law Adjustments

- 1) **Personal Services** - The legislature approved negative personal services adjustments resulting from the net of: a) elimination of early retirement incentive costs; and b) pay plan increases.
- 4) **Equipment** - The legislature authorized \$2,100 in fiscal 1996 to purchase a computer for museum collection records. Fiscal 1994 expenditures totalled \$1,440.

5117 03 00000

New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Governor's Mansion Tour Program		(\$7,286)			(\$7,286)
2 Exhibit Schedule Restoration			11,000		11,000
3 Photocopier Rental			1,900		1,900
4 Personal Services Reductions		(9,815)	(9,815)		(9,857)
Totals		(\$17,101)	\$3,085		(\$17,143)
					\$3,043

New Proposals

1) Governor's Mansion Tour Program - The legislature authorized a \$75,000 grant of accommodations tax from the Montana Promotions Program under Department of Commerce to the Historical Society to: 1) operate the Capitol Tour Program - \$22,564 and 1.50 FTE; 2) operate the Original Governor's Mansion Tour Program - \$7,286 and 0.5 FTE; 3) reprint walking tour brochures of the Capitol - \$7,000; and 4) provide restoration of the Original Governor's Mansion \$38,150. This grant replaces \$29,850 of general fund used to fund the tour programs and increases total Historical Society funding \$45,150.

2) Exhibit Schedule Restoration - The legislature appropriated \$11,000 of proprietary funds each year of the biennium to provide an additional exhibit each fiscal year. The society currently displays three permanent exhibits and two major temporary exhibits at the MHS building in Helena. The society also provides seven traveling exhibits that are displayed throughout the United States. This proposal would increase the number of traveling exhibits to eight.

The proprietary funds for this proposal are derived from fees charged for use of the traveling exhibits, and for services requested as a result of exposure to the exhibits.

3) Photocopier Rental - The legislature authorized \$1,900 of proprietary funds each year of the biennium to rent a photocopier. The Museum Program maintains and distributes photographs of the museum collections and provides reproduction services to the general public. In previous biennia, the Museum Program has shared a photocopier with the Library Program. The Historical Society has requested to replace the older, shared copier with two leased copiers, one in the Library Program and this copier in the Museum Program.

4) Personal Services Reductions - The legislature approved an executive proposal to reduce personal services by implementing 5.0 percent vacancy savings.

HISTORICAL SOCIETY									
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	7.38	0.00	1.75	9.13	0.00	1.75	9.13	9.13	
Personal Services	202,654	11,619	40,465	254,738	12,251	40,583	255,488	510,226	
Operating Expenses	346,799	38,947	40,000	425,746	40,000	30,000	416,799	842,545	
Equipment	1,500	700	0	2,200	(1,500)	0	0	2,200	
Transfers	51,329	770	0	52,099	770	0	52,099	104,198	
Debt Service	577	(577)	0	0	(577)	0	0	0	
Total Costs	\$602,859	\$51,459	\$80,465	\$734,783	\$50,944	\$70,583	\$724,386	\$1,459,169	
<u>Fund Sources</u>									
General Fund	51,329	770	0	52,099	770	0	52,099	104,198	
Federal Special	0	0	10,000	10,000	0	0	0	10,000	
Proprietary	551,530	50,689	70,465	672,684	50,174	70,583	672,287	1,344,971	
Total Funds	\$602,859	\$51,459	\$80,465	\$734,783	\$50,944	\$70,583	\$724,386	\$1,459,169	

Program Description

The Publications Program promotes the study of Montana history through lectures and publications. The program publishes quarterly editions of Montana the Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint and operates the retail and mail order museum store.

Funding

The general fund, budgeted as a transfer, pays a portion of personal services costs for 2.0 FTE involved in publishing Montana the Magazine of Western History. The transfer allows these funds to be spent from the proprietary account, in accordance with generally accepted accounting principles (GAAP). The magazine is not self-sustaining and past legislatures have appropriated general fund to subsidize its publication.

Federal funds include \$10,000 in fiscal 1996 to produce the historic roads and bridges guide.

Proprietary funds support the museum store, the magazine and other publications, and the Historical Society Press.

Present Law Adjustments

- 1) Personal Services - The legislature funded all personal services increases due to annualization of the pay plan and other adjustments, as included in the Executive Budget.
- 4) Other Services - The legislature authorized an adjustment of \$1,834 in each year of the biennium for increases in three contracts. One contract is with a computerized subscription maintenance firm, one is with Helena Industries for magazine mailing service, and one is for various photographic services. These increases result from a combination of higher contract costs and increased usage.
- 5) Repair and Maintenance - The legislature included an adjustment in fiscal 1997 for maintenance contracts on a desk-top publishing system, computers, printers, and a computerized cash register.
- 6) Goods Purchased for Resale - The legislature authorized a \$30,000 adjustment in each year of the biennium for magazine promotions. The increased cost is funded with proprietary funds from subscriptions to Montana magazine.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$11,619	\$12,251
2 Inflation/Deflation	1,464	1,760
3 Fixed Costs	3,482	2,837
<i>Other Present Law Adjustments</i>		
4 Other Services	\$1,834	\$1,834
5 Repair and Maintenance	2,167	3,569
6 Goods Purchased for Resale	30,000	30,000
7 Equipment	700	(1,500)
8 Other	193	193
Total Present Law Adjustments	\$51,459	\$50,944

7) **Equipment** - The legislature included \$2,200 in fiscal 1996 to purchase a computerized merchandise cash register for use in the museum store. Fiscal 1994 expenditures totaled \$1,500.

5117 04 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Additional Press Editor	1.00	\$0	\$33,956	1.00	\$0	\$34,053
2 Personal Services Reductions	0.00	0	(10,714)	0.00	0	(10,745)
3 Press Editor	0.25	0	6,832	0.25	0	6,853
4 Historic Roads & Bridges Guide	0.00	0	10,000	0.00	0	0
5 Merchandise Admin. Support	0.50	0	40,391	0.50	0	40,422
Totals	1.75	\$0	\$80,465	1.75	\$0	\$70,583

New Proposals

1) **Additional Press Editor** - The legislature appropriated proprietary funds to create a full-time, grade 15, editor position. The person in this position will edit and proofread manuscripts and prepare them for printing. The number of books published and reprinted by MHS Press is expected to increase from 4 in the 1995 biennium to 8 in the 1997 biennium.

This proposal is funded with profits from the MHS store operation and from sales of additional books produced.

2) **Personal Services Reductions** - The legislature approved an executive proposal to reduce personal services by implementing 5.0 percent vacancy savings.

3) **Press Editor** - The legislature authorized proprietary funds to add 0.25 FTE to the 0.50 FTE press editor position. This position provides desk-top publishing for magazines and books, is responsible for coordinating the production of various projects, and assists with marketing various publications. This proposal continues a budget amendment added during fiscal 1994.

- 4) Historic Roads and Bridges Guide - The legislature appropriated \$10,000 of federal funds in fiscal 1996 to finalize the "Historic Roads and Bridges Guide." MHS entered an agreement with the Montana Department of Transportation (MDT) in fiscal 1994. MDT agreed to provide \$18,000 to the society for research, writing, and preparation of a guidebook on the impact of roads and bridges on the economic, geographic and social development of Montana. A budget amendment was authorized in fiscal 1994 for \$8,000 to provide funding for the writing and preparation of the guide. This proposal includes authority for the remaining \$10,000 to provide funding for the actual printing of the document. The guide includes maps and keys of historic trails, roadways, and bridges.
- 5) Merchandise Administrative Support - The legislature approved an executive proposal to add proprietary funds to expand an administrative support position by 0.5 FTE and purchase additional goods for resale. To meet demands of increased sales in both the merchandise and publications programs, a grade eight, 0.5 FTE, will increase a current half-time position to a full-time FTE. Of the amount authorized, \$30,000 per year will be used to purchase additional goods for resale in the merchandise program. This expansion is a result of increased store and telephone sales.

HISTORICAL SOCIETY Program Summary		HISTORICAL SITES PRESERVATION						
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	7.50	0.00	0.00	7.50	0.00	0.00	7.50	7.50
Personal Services	286,071	(21,865)	(13,210)	250,996	(20,968)	(13,255)	251,848	502,844
Operating Expenses	78,079	12,009	0	90,088	8,279	0	86,358	176,446
Equipment	15,562	4,380	0	19,942	4,380	0	19,942	39,884
Grants	141,289	108,711	0	250,000	108,711	0	250,000	500,000
Total Costs	\$521,001	\$103,235	(\$13,210)	\$611,026	\$100,402	(\$13,255)	\$608,148	\$1,219,174
<u>Fund Sources</u>								
General Fund	60,071	(3,349)	(2,836)	53,886	(3,349)	(2,836)	53,886	107,772
Federal Special	460,930	106,584	(10,374)	557,140	103,751	(10,419)	554,262	1,111,402
Total Funds	\$521,001	\$103,235	(\$13,210)	\$611,026	\$100,402	(\$13,255)	\$608,148	\$1,219,174

Program Description

The Historical Sites Preservation Program administers the federal Historic Preservation Act and the federal grants-in-aid for historic preservation. Staff review all proposed federally-funded projects within the state to determine their effect on properties listed or eligible for listing in the National Register of Historic Places. The office certifies historic structures and rehabilitation projects for federal tax credits authorized in the Tax Reform Act of 1976, and oversees the Montana State Antiquities Act. The program awards federal grants to local governments, private entities, and individuals in two areas: 1) the certified local government program; and 2) survey and planning.

Funding

Approximately 9 percent of the Historical Sites Preservation program is funded with general fund. The budgeted federal funds are from the National Park Service.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	(\$21,865)	(\$20,968)
2 Inflation/Deflation	1,078	1,025
3 Fixed Costs	9,711	4,664
<u>Other Present Law Adjustments</u>		
4 Repair and Maintenance	\$1,220	\$2,590
5 Equipment	4,380	4,380
6 Grants from Federal Sources	108,711	108,711
Total Present Law Adjustments	\$103,235	\$100,402

Present Law Adjustments

- 1) Personal Services - The legislature approved negative personal services adjustments resulting from the net of: a) expenditures for 1.5 FTE are included in the fiscal 1994 base but are not approved during the 1997 biennium; and b) pay plan increases.
- 4) Repair and Maintenance - The legislature included adjustments for maintenance contracts for computers, printers, and fax machines.
- 5) Equipment - The legislature authorized \$19,942 in each year of the biennium to purchase the following equipment: a) cabinet, table, scale, typewriter, and bookcases; b) computers; c) microfiche reader/printer; d) scanner; e) file cabinets, conference table and chairs; f) global positioning system (plot and map sites); g) VCR and stand; and h) photocopier. Fiscal 1994 expenditures totaled \$15,562.

conference table and chairs; f) global positioning system (plot and map sites); g) VCR and stand; and h) photocopier. Fiscal 1994 expenditures totaled \$15,562.

6) Grants from Federal Sources - The legislature approved an adjustment for federal grants. This program receives a National Park Service grant, which the program administers and regrants to individuals, organizations, or local governments for historic site preservation purposes. This adjustment reflects the estimated increase in federal funds for the program.

New Proposals						
New Proposal	FTE	Fiscal 1996		Fiscal 1997		Total Funds
		General Fund	Total Funds	FTE	General Fund	
1 Personal Services Reductions		(\$2,836)	(\$13,210)		(\$2,836)	(\$13,255)
Totals		(\$2,836)	(\$13,210)		(\$2,836)	(\$13,255)

New Proposals

1) Personal Services Reductions - The legislature authorized an executive proposal to reduce personal services by implementing 5.0 percent vacancy savings.

DEPARTMENT OF CORRECTIONS

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	845.44	(41.75)	78.08	881.77	(42.00)	78.08	881.52	881.52	
Personal Services	27,442,897	307,364	1,784,478	29,534,739	453,471	2,084,085	29,980,453	59,515,192	
Operating Expenses	14,255,859	(309,050)	4,286,610	18,233,419	183,626	5,232,778	19,672,263	37,905,682	
Equipment	814,477	(104,546)	891,975	1,601,906	(353,892)	152,100	612,685	2,214,591	
Capital Outlay	32,260	(7,388)	0	24,872	(20,260)	0	12,000	36,872	
Grants	20,946	0	0	20,946	0	0	20,946	41,892	
Benefits and Claims	94,732	3,778,792	400,000	4,273,524	3,975,186	400,000	4,469,918	8,743,442	
Debt Service	63,970	(2,887)	0	61,083	(2,887)	0	61,083	122,166	
Total Costs	\$42,725,141	\$3,662,285	\$7,363,063	\$53,750,489	\$4,235,244	\$7,868,963	\$54,829,348	\$108,579,837	
Fund Sources									
General Fund	37,274,228	7,310,250	6,739,127	51,323,605	7,909,205	7,199,925	52,383,358	103,706,963	
State/Other Special	1,138,388	65,753	209,300	1,413,441	65,946	209,300	1,413,634	2,827,075	
Federal Special	530,456	(233,528)	251,000	547,928	(254,006)	296,102	572,552	1,120,480	
Proprietary	3,782,069	(3,480,190)	163,636	465,515	(3,485,901)	163,636	459,804	925,319	
Total Funds	\$42,725,141	\$3,662,285	\$7,363,063	\$53,750,489	\$4,235,244	\$7,868,963	\$54,829,348	\$108,579,837	

Agency Description

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision or delinquent youth who are referred or committed to the department."

The department's three programs are: 1) Central Operations, including the administratively attached Board of Pardons; 2) Corrections, which includes Montana State Prison (MSP) in Deer Lodge, Swan River Correctional Training Center (SRCTC), the Women's Correctional Center (WCC) in Billings, and community programs; and 3) Juvenile Corrections, which includes Pine Hills School (PHS) in Miles City, the Montana Youth Alternatives (MYA) Program based at the Mountain View Campus in Helena, a youth evaluation program (YEP), an aftercare program for youth released from correctional facilities, and community services for children.

Reorganization

This agency was reorganized as a result of SB 345, which consolidated human services functions from three agencies. This agency, formerly the Department of Corrections and Human Services (DCHS), is now named the Department of Corrections (DOC) and is reorganized as follows:

Juvenile Corrections was transferred from the former Department of Family Services (DFS) to DOC and the following programs were transferred from the former DCHS to the new Department of Public Health and Human Services (PHHS): 1) the Mental Health Division, which includes Montana State Hospital (MSH) in Warm Springs, Center for the Aged (CFA) in Lewistown, and community programs; 2) the Chemical Dependency Division, which includes the Montana Chemical Dependency Treatment Center in Butte and community programs; and 3) the Special Services Division, which includes the Montana Developmental Center (MDC) in Boulder, Eastmont Human Services Center (EHSC) in Glendive, Montana Veterans' Home (MVH) in Columbia Falls, and Eastern Montana Veterans' Home (EMVH) in Glendive. Additionally, a portion of the Central Office Division was transferred to the new agency to

provide support services for the other programs transferred from DCHS. Table 1 shows the FTE and funding by division in the new DOC.

For more information regarding the former DCHS functions, see the Department of Public Health and Human Services narrative in section B of volume I.

**Table 1
Department of Corrections
Senate Bill 345 Reorganization**

Agency/Program	Fiscal 1997 FTE	----1997 Biennium----		
		General Fund	Other Funds	Total Funds
Central Operations	34.00	\$4,348,399	\$112,578	\$4,460,977
Corrections	668.46	76,038,200	3,439,330	79,477,530
Juvenile Corrections	179.06	23,320,364	1,320,966	24,641,330
Total	881.52	\$103,706,963	\$4,872,874	\$108,579,837

Summary of Legislative Action

To address the escalating prison population, the legislature authorized regional correctional facilities and added 87.0 FTE correctional officers and probation and parole officers.

Regional correctional facilities are authorized in HB 304 and the authority to issue debt to construct these facilities is provided in HB 585. The legislature authorized approximately \$0.6 million in HB 2 for the state to contract with regional correctional facilities to house state prisoners.

The legislature authorized funding to increase staff in the Corrections Division. This funding includes: 1) over \$7.1 million for 21.0 FTE probation and parole officers and community corrections; 2) over \$1.0 million at MSP for 19.0 correctional officers; 3) approximately \$1.7 million for 31.0 FTE and 80 prison beds at the Montana State Hospital campus; 4) over \$1 million for 10.0 FTE correctional officers and other staff and operating expenses to increase security at MSP; 5) about \$0.5 million for 5.0 FTE correctional officers and related operating expenses at SRCTC to increase security and move the facility to the MSP campus (Conley Lake); and 6) almost \$50,000 for 1.0 correctional officer at WCC.

The legislature funded the executive proposal to restructure the Mountain View School Program from a campus-based facility for juvenile offenders to a wilderness program called the Montana Youth Alternatives (MYA) Program. The legislature eliminated 23.42 FTE as part of the proposal and offset \$172,000 general fund each year with federal and state special revenue (parental contributions). The program will be based from the Montana Development Center in Boulder while the Mountain View School campus will house the Law Enforcement Academy.

Other Legislation

House Bill 5 - HB 5 made several appropriations from long-range building funds for juvenile corrections functions. There were two appropriations made for Pine Hills School: 1) \$180,000 for miscellaneous improvements; and 2) \$100,000 for campus planning. The legislature also appropriated \$560,000 for changes at the Montana Development Center in Boulder to accommodate the Montana Youth Alternatives Program, which replaces the Mountain View School Program for girls with a co-ed wilderness camp experience. HB 5 also provides authority for various capital projects at the MSP campus.

House Bill 15 - HB 15 appropriates \$4.3 million of authority for various prison expansion projects at the MSP campus. These include maintenance projects, work in the dairy dorm, paving, and improvements in the infirmary.

House Bill 150 - HB 150 revises some of the duties and requirements of convening youth placement committees to advise PHHS and DOC on placement of youth committed to the departments. Youth placement committees must: 1) be convened prior to commitment of a youth to the department; 2) review foster care placements at least semiannually; and 3) consider options for financial support of the youth. Department staff testified that youth placement committees should be instrumental in identifying funding sources such as parental contributions and federal programs to offset foster care and juvenile corrections placement costs paid fully from the general fund.

House Bill 157 - The legislature authorized HB 157, which revises laws relating to sex offenders. HB 157 increases the penalties for certain sex offenses, increases the maximum penalty for certain sex offenses to life imprisonment, and provides that certain sexual offenders are to register as sexual offenders for the remainder of their lives.

House Bill 214 - HB 214 revises the laws relating to registration of sexual offenders. The legislature appropriated general fund of \$21,700 in fiscal 1996 and \$1,000 in fiscal 1997 in HB 2 to implement this bill.

House Bill 226 - The legislature authorized HB 226, which allows the DOC to use money from federal forfeiture funds for training probation and parole officers and for the purchase of equipment for probation and parole officers.

House Bill 240 - HB 240 established a 17 member commission to study the juvenile justice and juvenile mental health systems. The 17-member commission shall report its findings to the 55th Legislature by December 1, 1996, including a draft of recommended legislation. The study is funded by a grant from the Board of Crime Control.

House Bill 304 - The legislature authorized HB 304, which authorizes DOC to contract for the design, financing, and construction or operation of regional correctional facilities.

House Bill 356 - HB 356 implements truth in sentencing by making the time a prisoner will actually serve more apparent. It changes statutes relating to "good time allowance", parole, and consecutive sentence provisions. This bill abolishes good time as of February 1, 1997 and it abolishes the designation of criminals as dangerous or nondangerous for purposes of parole.

House Bill 357 - The legislature authorized HB 357, which creates a commission on sentencing to study sentencing practices and guidelines. This bill allows the commission to present recommendations to the 55th Legislature. The legislature appropriated general fund of \$97,869 in fiscal 1996 and \$99,368 in fiscal 1997 in HB 2 to hire 2.0 FTE to implement this bill.

House Bill 380 - HB 380 allows youth court judges, under certain conditions, to impose an adult criminal sentence on a youth offender or to sentence a youth offender to a youth correctional facility. The legislature did not appropriate funds to implement this act because the executive estimated there would be no fiscal impact if judges could not directly place juvenile offenders in youth correctional facilities unless there was space available.

House Bill 429 - HB 429 requires county attorneys to consult with the victim of a juvenile felony offense regarding the disposition of a case including: dismissal, reduction of the charge to misdemeanor, release of the youth pending the adjudicatory hearing; and the disposition of the youth. The act requires the Department of Corrections to notify victims or adult relatives of a juvenile victim of the hearing, release, or proceedings of the adjudication of the juvenile offender. The bill also clarifies public access to juvenile court records.

House Bill 474 - HB 474 requires that the Department of Justice conduct 40-hour training programs for juvenile probation officers. Persons appointed as chief probation officers, deputy probation officers, or probation officers must obtain 16 hours of training. The legislature did not appropriate funds for this bill because probation officers are not employees of either PHHS or the Department of Corrections and it was assumed that training costs would be absorbed within the present law budgets of the Department of Justice and the Board of Crime Control.

House Bill 585 - HB 585 authorizes the issuance of \$9.0 million in general obligation debt to fund the construction of regional correctional and law enforcement facilities in the state. See the Long Range Planning section in Volume II for more details.

Senate Bill 66 - The legislature authorized SB 66, which provides that a person convicted of a specified number of major violent offenses must be sentenced to life in prison unless the death penalty is applicable and imposed. This bill also provides that the life sentence be served only in prison and be served with no possibility of parole or early release.

DEPARTMENT OF CORRECTIONS Agency Summary				EXECUTIVE BUDGET COMPARISON				
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	845.44	888.77	881.77	(7.00)	889.52	881.52	(8.00)	(8.00)
Personal Services	27,442,897	30,764,003	29,534,739	(1,229,264)	31,082,230	29,980,453	(1,101,777)	(2,331,041)
Operating Expenses	14,255,859	23,020,901	18,233,419	(4,787,482)	25,550,004	19,672,263	(5,877,741)	(10,665,223)
Equipment	814,477	1,970,399	1,601,906	(368,493)	1,091,760	612,685	(479,075)	(847,568)
Capital Outlay	32,260	44,872	24,872	(20,000)	31,500	12,000	(19,500)	(39,500)
Grants	20,946	20,946	20,946	0	20,946	20,946	0	0
Benefits and Claims	94,732	0	4,273,524	4,273,524	0	4,469,918	4,469,918	8,743,442
Debt Service	63,970	87,679	61,083	(26,596)	87,679	61,083	(26,596)	(53,192)
Total Costs	\$42,725,141	\$55,908,800	\$53,750,489	(\$2,158,311)	\$57,864,119	\$54,829,348	(\$3,034,771)	(\$5,193,082)
Fund Sources								
General Fund	37,274,228	47,864,024	51,323,605	3,459,581	48,994,236	52,383,358	3,389,122	6,848,703
State/Other Special	1,138,388	1,616,652	1,413,441	(203,211)	1,605,522	1,413,634	(191,888)	(395,099)
Federal Special	530,456	528,481	547,928	19,447	551,713	572,552	20,839	40,286
Proprietary	3,782,069	5,899,643	465,515	(5,434,128)	6,712,648	459,804	(6,252,844)	(11,686,972)
Total Funds	\$42,725,141	\$55,908,800	\$53,750,489	(\$2,158,311)	\$57,864,119	\$54,829,348	(\$3,034,771)	(\$5,193,082)

Executive Budget Comparison

The legislature authorized approximately \$5.2 million less than recommended in the Executive Budget for the DOC. This difference is primarily the result of the following decreases: 1) HB 576 action that eliminated \$11.7 million of proprietary funds from the industries programs in the Corrections Division; 2) the SB 345 human services reorganization, which transferred approximately \$2.4 million to the new PHHS from Central Office at the former DCHS to cover audit and fixed costs and provide accounting support; and 3) approval of approximately \$0.7 million less than requested for various Swan River Correctional Training Center proposals. Netted against these decreases are the following increases: 1) \$7.9 million of foster care benefits, which are authorized for the Juvenile Corrections Division at DOC but were included in another program in the executive request; and 2) \$1.7 million authorized for 80 prison beds at the Montana State Hospital campus.

DEPARTMENT OF CORRECTIONS				CENTRAL OPERATIONS					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	45.00	(12.00)	1.00	34.00	(12.00)	1.00	34.00	34.00	
Personal Services	1,508,925	(225,706)	(9,721)	1,273,498	(219,547)	(10,136)	1,279,242	2,552,740	
Operating Expenses	968,841	(162,160)	98,578	905,259	(207,247)	68,468	830,062	1,735,321	
Equipment	6,411	(6,411)	26,550	26,550	(6,411)	25,000	25,000	51,550	
Debt Service	60,683	0	0	60,683	0	0	60,683	121,366	
Total Costs	\$2,544,860	(\$394,277)	\$115,407	\$2,265,990	(\$433,205)	\$83,332	\$2,194,987	\$4,460,977	
Fund Sources									
General Fund	2,478,248	(387,665)	115,407	2,205,990	(419,171)	83,332	2,142,409	4,348,399	
State/Other Special	37,646	(35,865)	0	1,781	(37,646)	0	0	1,781	
Federal Special	1,556	(1,556)	0	0	(1,556)	0	0	0	
Proprietary	27,410	30,809	0	58,219	25,168	0	52,578	110,797	
Total Funds	\$2,544,860	(\$394,277)	\$115,407	\$2,265,990	(\$433,205)	\$83,332	\$2,194,987	\$4,460,977	

Program Description

Central Operations includes the Director's Office, Management Services, and the administratively attached Board of Pardons. The Director's Office is responsible for: 1) department management and planning; 2) legal, personnel, and labor relations support services; and 3) administrative support for the Board of Pardons. Management Services is responsible for: 1) the department's budgeting, accounting, and data processing services; and 2) providing budgeting and management assistance to individual institutions.

The Board of Pardons (BOP), located in Deer Lodge, is responsible for the release of inmates on parole and furlough. It reviews all requests for executive clemency and makes recommendations to the Governor. The board consists of three regular members and one auxiliary member, appointed by the Governor with the advice and consent of the Senate. Statutory authority for the board is found in sections 2-15-2302 and 46-23-104, MCA.

Funding

General fund is the primary funding source for Central Operations. Proprietary funds are from the Prison Ranch, the Prison Industries Program, and the Industries Training Program. These funds are allocated for audit costs and fixed costs.

General fund includes a biennial appropriation of \$79,127 in fiscal 1996 for legislative audit costs. Other biennial appropriations for legislative audit costs in fiscal 1996 include: 1) MSP canteen funds of \$1,781; and 2) proprietary funds of \$5,929.

Table 2 shows FTE and funding for each of the divisions in Central Operations.

Table 2
Central Operations
FTE and Funding by Program

Program	FTE	Fiscal 1996			Total	FTE	Fiscal 1997			Total
		Gen. Fund	State Fund	Fed/Other			Gen. Fund	State Fund	Fed/Other	
Director's Office	12.00	\$633,617			\$633,617	12.00	\$635,985			\$635,985
Management Services Division	16.00	1,226,758	\$1,781	\$58,219	1,286,758	16.00	1,191,678			\$52,578 1,244,256
Board of Pardons	5.00	233,846			233,846	5.00	233,757			233,757
Safety Program		80,000			80,000		80,000			80,000
Juvenile Corrections Admin.	1.00	53,355			53,355	1.00	22,575			22,575
Personal Services Reduction		(21,586)			(21,586)		(21,586)			(21,586)
Total Central Office	34.00	\$2,205,990	\$1,781	\$58,219	\$2,265,990	34.00	\$2,142,409			\$0 \$52,578 \$2,194,987

Present Law Adjustments

Description	Adjustments	Adjustments
	Fiscal 1996	Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$107,485	\$114,756
2 Inflation/Deflation	1,177	(228)
3 Fixed Costs	586,315	538,342
<i>Other Present Law Adjustments</i>		
4 Other Services	(\$59,967)	(\$59,967)
5 Equipment	(6,411)	(6,411)
6 Other	162,866	76,680
7 SB 345 Human Services Reorganization	(1,185,742)	(1,096,377)
Total Present Law Adjustments	(\$394,277)	(\$433,205)

expenditures; and b) elimination of a contract for a safety program that is now authorized in a new proposal.

- 5) **Equipment** - As requested by the executive, the legislature does not provide any equipment authority for Central Operations. The department spent \$6,411 on equipment in fiscal 1994.
- 7) **Senate Bill 345 Human Services Reorganization** - The adjustment shown in the present law table represents the portion of the Central Office that was transferred to the new PHHS in conjunction with the transfer of the Mental Health Division, the Chemical Dependency Division, and the Special Services Division. These funds provide for: a) 11.0 FTE in the Reimbursement Bureau, which collects between \$15.0 and \$18.0 million each year for institutional reimbursement; b) 2.0 FTE that provide accounting services to the three divisions listed above; c) a contract to obtain legal services; and d) fixed costs and audit costs that are attributable to the Mental Health, Chemical Dependency, and Special Services divisions. The remaining positions and funding provide support for the Corrections and Juvenile Corrections divisions.

New Proposals

- 1) **Board of Pardons - Passenger Car & 4) Vehicle Lease Program 10** - The legislature authorized \$16,000 general fund in fiscal 1996 for the Board of Pardons (BOP) to purchase a passenger car. Additionally, the legislature approved an executive proposal to lease vehicles rather than allow individual agencies to purchase them. The lease proposal authorized by the legislature reduces equipment by \$16,000 in fiscal 1996, reduces gasoline and maintenance costs,

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Board of Pardons/Passenger Car	0.00	\$16,000	\$16,000	0.00	\$0	\$0
2 Postage Meter-Mailing Machine	0.00	1,934	1,934	0.00	384	384
3 Early Retrn to Work/Safety Pgm	0.00	80,000	80,000	0.00	80,000	80,000
4 Vehicle Lease-Program 10	0.00	(14,296)	(14,296)	0.00	1,959	1,959
5 Personal Services Reductions	0.00	(21,586)	(21,586)	0.00	(21,586)	(21,586)
6 SB 345 - JJ Fixed/Audit/FTE	1.00	53,355	53,355	1.00	22,575	22,575
Totals	1.00	\$115,407	\$115,407	1.00	\$83,332	\$83,332

and provides \$2,342 in fiscal 1996 and \$2,597 in fiscal 1997 to lease a vehicle from the Department of Transportation (DOT).

- 2) Postage Meter-Mailing Machine - The legislature authorized general fund for the BOP to purchase a mailing machine and rent a postage meter head.
- 3) Early Return to Work/Safety Program - The legislature appropriated \$160,000 general fund each year to continue implementation of a safety program. Due to passage of SB 345, one-half of this appropriation was transferred to the Department of Public Health and Human Services to operate components of the safety program related to the Mental Health Division, the Chemical Dependency Division, and the Special Services Division. The remaining \$80,000 per year stays at DOC to implement the safety program relative to Corrections.

The department has operated a State Fund certified safety program since fiscal 1993. State Fund certification results in a 5 percent reduction in workers' compensation rates. This is a department-wide safety program and will be implemented through a contract with Vocational Resources, Inc. of Missoula. The legislature provided \$100,000 for program costs, \$10,000 for travel, and \$50,000 for safety equipment.

- 5) Personal Services Reductions - The legislature authorized an executive proposal to reduce personal services \$21,586 each year by implementing vacancy savings of 1.3 percent in each year of the biennium.
- 6) Senate Bill 345 - JJ/Fixed/Audit/FTE - The legislature authorized the transfer of general fund from the former DFS to the new DOC. This transfer is due to passage of SB 345, which moves juvenile justice functions from DFS to DOC. This proposal provides funding for 1.0 FTE, fixed costs, and audit costs.

6401 20 00000

DEPARTMENT OF CORRECTIONS**CORRECTIONS****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	597.96	(29.75)	100.50	668.71	(30.00)	100.50	668.46	668.46
Personal Services	20,026,603	67,549	2,588,059	22,682,211	159,330	2,894,448	23,080,381	45,762,592
Operating Expenses	11,917,109	(227,153)	3,311,172	15,001,128	285,640	4,364,083	16,566,832	31,567,960
Equipment	780,188	(105,924)	806,925	1,481,189	(321,063)	127,100	586,225	2,067,414
Capital Outlay	32,260	(7,388)	0	24,872	(20,260)	0	12,000	36,872
Grants	20,946	0	0	20,946	0	0	20,946	41,892
Debt Service	3,287	(2,887)	0	400	(2,887)	0	400	800
Total Costs	\$32,780,393	(\$275,803)	\$6,706,156	\$39,210,746	\$100,760	\$7,385,631	\$40,266,784	\$79,477,530
Fund Sources								
General Fund	27,840,433	3,407,435	6,254,220	37,502,088	3,807,086	6,888,593	38,536,112	76,038,200
State/Other Special	840,037	78,507	137,300	1,055,844	78,479	137,300	1,055,816	2,111,660
Federal Special	345,264	(250,746)	151,000	245,518	(273,736)	196,102	267,630	513,148
Proprietary	3,754,659	(3,510,999)	163,636	407,296	(3,511,069)	163,636	407,226	814,522
Total Funds	\$32,780,393	(\$275,803)	\$6,706,156	\$39,210,746	\$100,760	\$7,385,631	\$40,266,784	\$79,477,530

Program Description

The Corrections Division develops and administers an integrated corrections program for adults. Programs include: 1) administration; 2) the medical program; 3) community corrections; 4) Swan River; 5) WCC; and 6) MSP.

The administration program coordinates all corrections activities. The medical program pays non-institutional medical, optometry, dental, and laboratory costs for all corrections programs. It also funds security officers for hospitalized inmates.

Community corrections includes probation, parole, intensive supervision programs, house arrest, local jurisdiction sentencing options which provide alternatives to prison, and pre-release centers. The pre-release centers provide educational and work opportunities under close supervision. The department contracts with non-profit corporations in Great Falls, Butte, Missoula, and Billings for men's pre-release services (370 beds by the end of fiscal 1997) and in Butte and Billings for women's pre-release services (44 beds by the end of fiscal 1997).

A boot camp at Swan River, authorized in Title 53, section 30, MCA, is a new correctional program that replaces the Swan River Forest Camp. Major components of this new program are: 1) work, physical activity and conditioning, and good health practices; 2) counseling and treatment programs; 3) a written explanation of program goals signed by prospective enrollees; and 4) a maximum enrollment period of 120 days.

WCC provides minimum to medium security in the old Rivendell facility in Billings for female offenders. WCC provides treatment, work, education, and recreation. DCHS temporarily operated WCC at the Warm Springs campus until October 1994 when the center was moved to the old Rivendell facility in Billings.

MSP, authorized in section 53-30-101, MCA, is a low, medium, and maximum security facility for the custody, treatment, training, and rehabilitation of adult male offenders. The six prison programs are Care and Custody, Canteen, Ranch and Dairy, Industries, Industries Training, and the License Plate Factory.

Funding

Funding for the Corrections Division is primarily general fund. State special revenues are: 1) MSP and SRCTC canteen funds of \$860,031 in fiscal 1996 and \$860,003 in fiscal 1997; 2) \$8,513 each year for donations at WCC; 3) \$50,000 each year of inmate welfare funds for inmate pay increases; and 4) \$137,300 each year of a supervisory fee from probation and parole violators. Federal funds each year are: 1) \$13,224 each year for adult basic education and the school lunch program at SRCTC; 2) \$74,138 in fiscal 1996 and \$51,148 in fiscal 1997 of education grants at MSP; 3) \$7,156 each year of miscellaneous federal grants at WCC; and 4) \$151,000 in fiscal 1996 and \$196,102 in fiscal 1997 for chemical dependency treatment at MSP. Proprietary funds are for the industries training programs.

Table 3 shows the FTE and funding for the Corrections Division.

Table 3
Corrections Division
FTE and Funding by Program

Program	FTE	Gen. Fund	Fiscal 1996			Total	FTE	Gen. Fund	Fiscal 1997		
			State Fund	Fed/Other	Total				State Fund	Fed/Other	Total
Administration	8.75	\$694,407		\$74,138	\$768,545	8.50	\$867,871		\$51,148	\$919,019	
Corr. Medical	7.00	1,940,021			1,940,021	7.0	2,229,285			2,229,285	
Prison					0						
Care/Custody	457.11	\$19,930,115	\$50,000	\$151,000	\$20,131,115	457.11	\$20,483,642	\$50,000	\$196,102	\$20,729,744	
Canteen			842,975		642,975			842,947			842,947
Ranch/Dairy					0			100,000			100,000
Industries	2.00	91,306		95,000	186,306	2.00	91,306		95,000	186,306	
Ind. Training	5.00	232,272		312,296	544,568	5.00	216,178		312,226	528,404	
License Plate	2.00	505,188			505,188	2.00	551,578			551,578	
Laundry	0.00	337,895			337,895	0.00	257,150			257,150	
Total Prison	466.11	\$21,096,776	\$892,975	\$558,296	\$22,548,047	466.11	\$21,699,854	\$892,947	\$603,328	\$23,196,129	
Swan Boot Camp	24.50	\$1,303,222	\$17,056	\$13,224	\$1,333,502	24.50	\$1,243,363	\$17,056	\$13,224	\$1,273,643	
Women's Corrections	35.35	1,709,523	8,513	7,156	1,725,192	35.35	1,718,142	8,513	7,156	1,733,811	
Community Services	143.50	11,263,991	137,300		11,401,291	143.50	11,304,793	137,300		11,442,093	
HB 357 Sentencing Commission	2.00	97,869			97,869	2.00	99,368			99,368	
HB 214 Offender Registry		21,700			21,700			1,000		1,000	
Personal Services Reductions	-18.50	(625,421)			(625,421)	-18.50	(627,564)			(627,564)	
Total Funding	668.71	\$37,502,088	\$1,055,844	\$652,814	\$39,210,746	668.46	\$38,536,112	\$1,055,816	\$674,856	\$40,266,784	

Present Law Adjustments

1) **Personal Services** - The legislature funded all personal services increases due to annualization of the pay plan and other adjustments, as included in the Executive Budget. The legislature authorized \$486,581 per year to fund the potential reclassification of grade 10 correctional officers to grade 11. This funding is contingent on authorization by Department of Administration, Personnel Division. The reduction in FTE is the net result of: 1) elimination of 10.0 FTE at the prison in fiscal 1995 by the 1993 legislature; 2) the addition of 2.25 federally funded FTE; and 3) elimination of 22.0 proprietary funded FTE due to passage of HB 576 (see present law adjustment number 11).

4) **Medical Contract** - The legislature approved increases in a contract to purchase medical services outside the scope of the MSP Infirmary. These services will be managed through a contract with Blue Cross/Blue Shield of Montana. The department pays provider rates for services provided by member physicians.

5) **Pre-Release Contract** - The legislature increased room and board contracts with privatized pre-release centers. The legislature authorized a total of: a) \$2.8 million each year to contract with non-profit corporations to operate mens' pre-release centers in Billings, Missoula, Great Falls, and Butte; b) \$637,279 in fiscal 1996 and \$637,862 in fiscal 1997 to contract for women's pre-release centers in Billings and Butte; and c) \$67,478 in fiscal 1996 and \$143,515 in fiscal 1997 to provide a 1.5 percent increase each year.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$1,302,088	\$1,426,195	
2 Inflation/Deflation	317,112	551,879	
3 Fixed Costs	(1,901)	(1,901)	
<i>Other Present Law Adjustments</i>			
4 Medical Contract	\$250,000	\$400,000	
5 Pre-Release Contract	810,837	887,172	
6 WCC Additional Costs	306,700	306,700	
7 Weed Control	57,095	57,095	
8 MSP Canteen Sales	103,558	103,558	
9 Equipment	190,926	(763)	
10 Other	145,914	205,459	
11 HB 576 Proprietary Funds	(3,758,132)	(3,834,634)	
Total Present Law Adjustments	(\$275,803)	\$100,760	

DCHS privatized the women's pre-release center on April 1, 1994 and the men's center on June 1, 1994. Since state employee FTE are no longer necessary to operate the facilities, the legislature authorized an executive proposal to eliminate 18.5 FTE and \$486,349 in fiscal 1996 and \$488,492 in fiscal 1997. The net result of this legislative action is: a) DCHS still provides the same pre-release facilities throughout the state; b) there are 18.5 fewer FTE in each year of the 1997 biennium; and c) the net cost for the pre-release centers increases by \$324,488 between fiscal 1994 and 1996 and \$398,680 between fiscal 1994 and fiscal 1997.

6) WCC Additional Costs - The legislature authorized funding to provide for contracts to obtain chaplain services, food service, and mental health services for the WCC in Billings; services were obtained from MSH when the WCC was located in Warm Springs.

7) Weed Control - The legislature approved funds to provide weed and pest control on crop and range lands on the prison ranch.

8) MSP Canteen Sales - The legislature authorized an increase in state special revenue each year for additional sales in the MSP canteen relative to higher population projections.

9) Equipment - The legislature adjusted equipment by \$190,926 in fiscal 1996 and by a negative \$763 in fiscal 1997. These adjustments provide equipment authority of \$971,114 in fiscal 1996 and \$779,425 in fiscal 1997.

10) Other - The legislature authorized increases for aluminum and scotchlite for the license plate factory, and repair and maintenance costs for more computers due to recent automation.

11) House Bill 576 Proprietary Funds - As a result of passage of HB 576, which eliminates the requirement that proprietary funds be appropriated by the legislature, 22.0 FTE and proprietary funds for the WCC Industries Program, the MSP Ranch and Dairy, and the MSP Industries Program were taken off budget.

The programs taken off budget are self-supporting programs that operate by selling the items they produce. The Ranch and Dairy program provides work for inmates as they produce meat, milk, cottage cheese, ice cream, and yogurt for the prison and other institutions. The Industries Program includes training and work experience in logging and fencing, sign and post-pole manufacturing, and furniture construction. Products are sold to other governmental entities, non-profit corporations, and the private sector through licensed wholesalers and retailers.

New Proposals

The legislature authorized a laundry program at MSP. The laundry is to be a new industry serving MSH, the MDC, MCDC, and MSP. The legislature authorized the reduction of 18.0 FTE at MSH and MDC, the addition of contracting authority for MSH, MDC, and MSP to contract with MSP Industries for laundry services, and funding to equip the laundry facility at the prison. The following two new proposals provide equipment and general fund authority to purchase laundry services from the Industries Program.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Prison Laundry Equipment	0.00	\$80,745	\$80,745	0.00	\$0	\$0
2 MSP/Laundry	0.00	257,150	257,150	0.00	257,150	257,150
3 Women's Correctional System	2.00	63,627	63,627	2.00	63,851	63,851
4 MSP/Relief Factor for COs	19.00	503,142	503,142	19.00	504,875	504,875
5 Community Program Enhancements	11.00	904,326	904,326	11.00	719,252	719,252
6 MSP/Infirmary	7.00	196,816	196,816	7.00	197,500	197,500
7 Swan River Security Staff	5.00	225,666	225,666	5.00	249,334	249,334
8 Regional Prisons/County Jails	0.00	0	0	0.00	553,280	553,280
9 Voc Training/High Security	2.00	91,306	186,306	2.00	91,306	186,306
10 Corrections/New Equipment	0.00	368,276	368,276	0.00	104,800	104,800
11 Community Programs	17.00	2,543,188	2,680,488	17.00	2,679,051	2,816,351
12 Add'tl. Sex Offender Treatment	0.00	41,600	41,600	0.00	41,600	41,600
13 Additional MSP FTE	3.00	79,443	79,443	3.00	79,717	79,717
14 MSP/MSH Reception Overflow	31.00	724,576	724,576	31.00	1,024,576	1,024,576
15 MSP Security Review	11.00	456,588	456,588	11.00	457,705	457,705
16 HB 357 Commission on Sentencing	2.00	97,869	97,869	2.00	99,368	99,368
17 HB 214 Offender Registry	0.00	21,700	21,700	0.00	1,000	1,000
18 Vehicle Lease-Program 20	0.00	(241,671)	(241,671)	0.00	(78,819)	(78,819)
19 CD Services - Corrections	6.00	102,318	253,318	6.00	0	196,102
20 Corr. Div. Institution Group	2.00	362,976	362,976	2.00	370,611	370,611
21 Replace Crane/Truck/Tractors	0.00	0	0	0.00	100,000	100,000
22 Personal Services Reduction	(18.50)	(625,421)	(625,421)	(18.50)	(627,564)	(627,564)
23 Toyota Tech Education	1.00	0	68,636	1.00	0	68,636
Totals	100.50	\$6,254,220	\$6,706,156	100.50	\$6,888,593	\$7,385,631

1) Prison Laundry Equipment - The legislature authorized \$80,745 of general fund in fiscal 1996 to purchase laundry equipment. Equipment includes: a) a truck for transporting laundry to MSH, MDC, and MCDC; b) two shuttle vehicles and carts; c) office furniture and equipment; and d) computers and printers.

2) MSP - Laundry - The legislature provided \$257,150 of general fund each year of the 1997 biennium to contract with the prison industries laundry program to provide laundry services to MSP.

The legislature also approved 8.0 FTE and \$446,028 in fiscal 1996 and \$521,028 in fiscal 1997 of proprietary fund authority to operate the MSP Industries Laundry Program. Due to passage of HB 576, these funds and the related FTE were taken off budget.

3) Women's Correctional System - The legislature appropriated approximately \$63,000 each year to fund 2.0 FTE at the Women's Correctional Center (WCC). One position is the unit manager for community programs and one position is a correctional officer.

4) MSP/Relief Factor for Correctional Officers - The legislature appropriated general fund of \$503,142 in fiscal 1996 and \$504,875 in fiscal 1997 to hire 19.0 FTE correctional officers. An additional 19.0 FTE were determined necessary

based on the current number of correctional officers and the average number of hours per year correctional officers are actually available to perform their duties. This proposal allows for 24-hour coverage of necessary posts under the unit management system.

5) Community Program Enhancements - The legislature approved general fund to provide enhancements to community corrections programs. These funds will provide 11.0 FTE probation and parole officers and related equipment and operating costs, mental health/sexual offender counseling and treatment, urinalysis testing and day reporting centers.

6) MSP Infirmary - The legislature authorized general fund to fund 7.0 FTE in the MSP infirmary. The 7.0 FTE consist of: a) two registered nurses; b) one licensed practical nurse; c) one ward clerk; d) one infirmary aide; e) one dietician; and f) one dental hygienist.

7) Swan River Security Staff - The legislature provided general fund to add 20 beds at the facility and to increase security. This funding provides for: a) 5.0 FTE (to replace trusties) and related operating costs; b) a contract with the Lake County Sheriff's Office; c) travel costs; and d) various security equipment.

8) Regional Prisons/County Jails - The legislature authorized \$553,280 in fiscal 1997 for the department to contract with regional prisons for room and board for inmates. The executive originally requested \$810,000 for this same purpose, but after considering revised building projections reduced the request to the amount authorized.

The legislature also approved HB 585, which provides authority to construct regional correctional and law enforcement facilities in the state. See the Long Range Planning section for more information regarding regional correctional facilities.

9) Voc Training - High Security - The legislature appropriated general fund of \$91,306 each year and proprietary fund authority of \$95,000 each year to add 2.0 FTE to provide vocational training for high security inmates.

Additionally, the legislature originally authorized proprietary funds of approximately \$1.0 million in fiscal 1996 and \$1.7 million in fiscal 1997 to add 4.0 FTE and expand operations for all industries programs. Due to passage and approval of HB 576, these FTE and proprietary funds were taken off budget.

The \$95,000 of proprietary funds authorized each year in this proposal was not taken off budget because it is part of the Industries Training Program that also receives some general fund. Programs that have a combination of funding, rather than 100 percent proprietary funds, remain on budget.

10) Corrections/New Equipment - The legislature approved an executive request for general fund of \$368,276 in fiscal 1996 and \$104,800 in fiscal 1997 to purchase various equipment for MSP. This proposal originally included \$81,200 of proprietary funds in fiscal 1996 and \$37,800 in fiscal 1997 for equipment in the ranch and dairy program and the industries program. Due to passage of HB 576, these funds were taken off budget.

11) Community Programs - The legislature appropriated \$2,680,488 in fiscal 1996 and \$2,816,351 in fiscal 1997 to increase correctional services in community settings. The majority of the request is general fund, while \$137,300 per year is the probation and parole supervisory fee assessed on probation and parole violators.

This proposal allows the department to: a) purchase an additional 163 pre-release beds at \$32 per day; b) pay a \$5 per day transition rate during the first 20 days an offender is in a pre-release center; c) provide urinalysis; d) contract with local jails to incarcerate parole violators; and e) add 10.0 FTE probation and parole officers and 7.0 FTE administrative support positions along with equipment and operating funds for probation and parole.

- 12) Additional Sexual Offender Treatment - The legislature approved a request for general fund of \$41,600 each year to expand the MSP sex offender treatment program. The department would contract with two therapists certified by the Montana Sex Offender Treatment Association (MSOTA) to provide sex offender treatment at MSP.
- 13) Additional MSP FTE - The legislature approved 3.0 FTE admissions and hearing staff. This proposal provides staff to process the admission of offenders into MSP and to conduct hearings for inmates that violate MSP policy.
- 14) MSP/MSH Reception Overflow - The legislature authorized general fund to provide 31.0 FTE (5.0 correction supervisor II's and 26.0 correction officers) and related operating costs to open the old forensic unit on the Montana State Hospital campus to increase prison capacity by 80 beds.
- 15) MSP Security Review - The legislature provided general fund to add 11.0 FTE to increase security at MSP. This proposal provides funding for: a) 2.0 FTE correctional technicians for the investigation unit to upgrade telephone monitoring and urinalysis testing; b) 7.0 FTE correctional officers for an internal security team; c) 1.0 FTE correctional supervisor for the honor dorm expansion; d) 1.0 FTE psychiatrist for mental health treatment of inmates; and e) related operating costs.
- 16) House Bill 357 Commission on Sentencing - The legislature approved general fund of \$97,869 in fiscal 1996 and \$99,368 in fiscal 1997 to implement HB 357. This bill creates a commission on sentencing to study sentencing practices and guidelines and the effects of sentences. This proposal provides funding for 2.0 FTE and operating costs.
- 17) House Bill 214 Offender Registry - The legislature authorized general fund of \$21,700 in fiscal 1996 and \$1,000 in fiscal 1997 to implement HB 214. HB 214 revises the laws relating to registration of sexual and violent offenders.
- 18) Vehicle Lease Program 20 - The legislature authorized an executive proposal to lease vehicles through the state DOT rather than allowing individual agencies to purchase vehicles. This lease proposal authorized by the legislature reduces equipment by \$254,500 in fiscal 1996 and \$127,700 in fiscal 1997, reduces gasoline and maintenance costs almost \$20,000 each year, and includes \$32,278 in fiscal 1996 and \$72,767 in fiscal 1997 to lease vehicles from DOT.
- 19) CD Services - Corrections - The legislature provided funding to expand chemical dependency treatment services at MSP, SRCTC, and WCC. This proposal provides funding for 5.0 FTE, grade 13, substance abuse counselors and 1.0 FTE, grade 8, administrative support position. The intensive counseling and education components of this program will be located at MSP, with one outpatient counselor at SRCTC and one at WCC.
- 20) Corrections Division Institution Group - The legislature authorized general fund of \$362,976 in fiscal 1996 and \$370,611 in fiscal 1997 to: a) provide 2.0 FTE to the MSP records department for increased workload; b) provide in-service training to Corrections Division personnel; and c) provide for garbage disposal.
- 21) Replace Crane/Truck/Tractors - The legislature authorized general fund of \$100,000 fiscal 1997 to replace a crane and a refrigerator truck at the Prison Ranch. This proposal originally included \$215,000 of proprietary funds for additional equipment purchases. Due to passage of HB 576, these funds were taken off budget.
- 22) Personal Services Reduction - The legislature authorized an executive proposal to reduce personal services resulting from elimination of 18.5 FTE through privatization of pre-release centers and imposition of \$139,072 of vacancy savings each year.
- 23) Toyota Tech Education - The legislature provided proprietary funds of \$68,636 each year to allow the prison Industries Vocational Training Program to continue the Toyota Technical Education Program started in fiscal 1994 through a budget amendment. This proposal provides funding for operating expenses and 1.0 FTE to supervise the program. All costs incurred plus about a 20 percent markup are reimbursed by Toyota.

These funds were not taken off budget as a result of the passage of HB 576 because the Vocational Training Program is funded with both proprietary funds and general fund. Programs funded with a mixture of funds remain on budget.

Language

"Item 2 [Corrections] includes \$486,581 in general fund money each fiscal year that may be used only if the department of administration, personnel division, authorizes the reclassification of correctional officers."

"If House Bill No. 304 is not passed and approved, item 2 [Corrections] is decreased by \$553,280 in general fund money in fiscal year 1997." (House Bill 304 was passed and approved.)

"If House Bill No. 214 is not passed and approved, item 2 [Corrections] is decreased by \$21,700 in general fund money in fiscal year 1996 and \$1,000 in general fund money in fiscal year 1997." (House Bill 214 was passed and approved.)

"Funds in item 2a [HB 357 - Commission on Sentencing] are contingent on passage and approval of House Bill No. 357." (House Bill 357 was passed and approved.)

"Any funds remaining in the Montana State Prison budget on June 30, 1995, may be carried forward into the 1997 biennium to deal with population growth at the prison."

CORRECTIONS Program Summary		JUVENILE CORRECTIONS						
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	202.48	0.00	(23.42)	179.06	0.00	(23.42)	179.06	179.06
Personal Services	5,907,369	465,521	(793,860)	5,579,030	513,688	(800,227)	5,620,830	11,199,860
Operating Expenses	1,369,909	80,263	876,860	2,327,032	105,233	800,227	2,275,369	4,602,401
Equipment	27,878	7,789	58,500	94,167	(26,418)	0	1,460	95,627
Benefits and Claims	94,732	3,778,792	400,000	4,273,524	3,975,186	400,000	4,469,918	8,743,442
Total Costs	\$7,399,888	\$4,332,365	\$541,500	\$12,273,753	\$4,567,689	\$400,000	\$12,367,577	\$24,641,330
Fund Sources								
General Fund	6,955,547	4,290,480	369,500	11,615,527	4,521,290	228,000	11,704,837	23,320,364
State/Other Special	260,705	23,111	72,000	355,816	25,113	72,000	357,818	713,634
Federal Special	183,636	18,774	100,000	302,410	21,286	100,000	304,922	607,332
Total Funds	\$7,399,888	\$4,332,365	\$541,500	\$12,273,753	\$4,567,689	\$400,000	\$12,367,577	\$24,641,330

Program Description

The Juvenile Corrections Division provides diagnosis, care, education, and rehabilitation for juveniles between the ages of 10 and 21 years who have been committed by the courts. The program includes the Pine Hills School (PHS), a youth evaluation program (YEP), an aftercare program for youth released from correctional facilities, and community services for children to prevent their placement in correctional facilities. The 1995 legislature approved the executive proposal to restructure the Mountain View School program from a campus-based facility for juvenile offenders to a wilderness program called the Montana Youth Alternatives (MYA) Program. The 1995 legislature authorized a reorganization of human services programs that eliminated the Department of Family Services and transferred the Juvenile Corrections Division to the DOC.

Funding

The Juvenile Corrections Division is supported by general fund, state special revenue, and federal funds. State special revenue is interest and income from school trust land, private and parental contributions, canteen funds, and alcohol beverage taxes. Federal funds are: 1) reimbursements from the Office of Public Instruction for Chapter 1 and 2 programs, and school foods (based on the number of qualifying meals served); and 2) social services block grant funds. Funds for the PHS industries program were appropriated for the 1995 biennium by the 1993 legislature. However, the industries program was discontinued due to structural safety problems of the building that housed the program.

Present Law Adjustments

- 1) Personal Services - About a third of the personal services cost increase is due to annualization of the pay plan authorized by the 1993 legislature. The balance of the increase is due to reclassification of cottage life attendant, social worker, and probation officer positions, fiscal 1994 vacancy savings, and turnover.
- 2) Inflation/Deflation - Cost changes in medical services and supplies, utilities, and gasoline are largely responsible for the inflationary changes in this program. General fund supports the increase since other funding sources are either capped or fund services not subject to inflationary changes.
- 4) Contracted Services - The legislature authorized \$27,097 general fund each year of the biennium for Juvenile Corrections Division contracted services increases. Contracts at PHS and in division administration increase to cover psychiatric and psychological services, spiritual services, and community prevention activity contracts.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
<i>Statewide Present Law Adjustments</i>			
1 Personal Services	\$465,521	\$513,688	
2 Inflation/Deflation	45,467	68,975	
3 Fixed Costs	3,727	3,904	
<i>Other Present Law Adjustments</i>			
4 Contracted Services	27,097	27,097	
5 PHS Statewide Indirect Costs	1,792	1,825	
6 Equipment	7,789	(26,418)	
7 Other Cost Changes	2,180	3,432	
8 Benefits			
a Youth Court Placement Benefits	504,084	524,750	
b Probation Placement Benefits	3,306,968	3,414,404	
c Provider Rate Increase	62,472	130,764	
d Life Skills Benefits	(94,732)	(94,732)	
Total Present Law Adjustments	\$4,332,365	\$4,567,689	

youth placed in foster care services by courts and probation officers have been paid from the foster care budget. The legislature made separate appropriations for juvenile corrections and abuse/neglect foster care benefits this biennium because: a) it wished to track appropriations and costs separately for the different populations; and b) the legislature wanted to make the preliminary determination of the foster care budget allocation between the new Department of Public Health and Human Services and the new Department of Corrections. The remainder of foster care benefits is appropriated in the Program Management Division in PHHS.

The allocation of foster care benefits between juvenile corrections and foster care is based on fiscal 1994 expenditures. Youth court placements accounted for 3.2 percent of total foster care expenditures in fiscal 1994 (\$0.5 million) and probation placements accounted for 19.1 percent (\$3.1 million). The funding of youth court and probation placements is largely general fund, with federal funds supporting about 1.3 percent or \$0.1 million of biennial benefit costs.

The legislature appropriated \$193,236 total funds (\$191,163 general fund) over the biennium for a 1.5 percent provider rate increase, which was \$41,604 more than requested by the executive. The amount included in the Executive Budget was adequate to fund a 1.3 percent rate increase. The legislature allocated the rate increase proportionally among juvenile corrections and foster care benefits.

The department recorded life skills payments as separate benefit expenditures in fiscal 1994. These costs are reflected in the 1997 biennium benefit appropriations.

New Proposals

- 1) Pine Hills Ranch - The legislature added \$25,000 over the biennium for start-up costs for a vocational agricultural program. It is anticipated that the program will be nearly or fully self supporting once it is implemented.
- 2) Equipment - Pine Hills School - The legislature approved \$58,500 general fund in fiscal 1996 to purchase a back-up generator (\$30,000); computerized instructional tools (\$25,000); and a 10-inch contractor's saw (\$3,500).

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New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Pine Hills Ranch		\$25,000	\$25,000		
2 Equipment - Pine Hills		58,500	58,500		
3 Montana Youth Alternatives		621,860	793,860		628,227 800,227
4 PHS Maintenance		58,000	58,000		
5 Sex Offender Pgms/Secure Care		400,000	400,000		400,000 400,000
6 Personal Services Reductions	(23.42)	(793,860)	(793,860)	(23.42)	(800,227) (800,227)
Totals	(23.42)	\$369,500	\$541,500	(23.42)	\$228,000 \$400,000

3) Montana Youth Alternatives and 6) Personal Services Reductions - The legislature approved the executive request to change the Mountain View School program from providing secure care for girls and an evaluation program for boys, to a co-ed wilderness experience program for delinquent youth, based from the Montana Development Center campus. The legislature approved two new executive proposals to implement this change. The legislature: a) appropriated \$1.6 million total funds (\$1.25 million general fund) over the biennium to support the MYA wilderness experience; and b) accepted elimination of 23.42 FTE and \$1.6 million general fund over the biennium. Together these proposals do not change total state spending, but do result in a net general fund reduction of \$344,000 over the biennium. General fund support for MYA is offset by increases of \$72,000 in parental contributions and \$100,000 in federal funds each year.

4) PHS Maintenance - The legislature added \$58,000 general fund for maintenance projects at PHS including roof, ceiling, window, and floor replacement and repair. The legislature added language directing that all maintenance projects be approved by the Architecture and Engineering Division of the Department of Administration, and restricting this appropriation to PHS maintenance projects and preventing transfer of the appropriation to other uses in the department or to other departments.

5) Sex Offender Programs/Secure Care for Female Offenders - The legislature added \$400,000 general fund each year of the biennium for sex offender programs and secure care for female offenders. The legislature added language restricting this appropriation to sex offender programs and preventing transfer of the appropriation to other uses in the department or to other departments. The legislature also added matching federal medicaid authority in PHHS in the event that sex offenders can be treated in medicaid-reimbursable therapeutic group homes.

Language

"The legislature has no evidence that the Montana Youth Alternatives Program funded in item [Juvenile Corrections] is more effective in treating juvenile offenders than the Mountain View School Program."

"Funds in item [sex offender programs/secure care for female offenders] must be spent on secure care for female offenders and treatment programs for sexual offenders. The department may not transfer funds in item [sex offender programs/secure care for female offenders] to other uses or to other programs or departments. The department shall provide to the 55th Legislature the following information about expenditures funded from item [sex offender programs/secure care for female offenders]: the number of children served, the average cost per child, services provided, the treatment outcomes, and the current placement of children served."

"Funds in item [Pine Hills maintenance] may not be used for any purpose other than maintenance and repair of Pine Hills School. The department must obtain the approval of the Engineering and Architecture Division of the Department of Administration before proceeding with repairs funded from item [Pine Hills maintenance]."

"Funds in item [Pine Hills Ranch] may be used only for a vocational agricultural program at Pine Hills School."

Reorganization

As a result of the passage of Senate Bill 345, which reorganized all human services agencies, the Mental Health, Chemical Dependency, and Special Services Divisions at the former DCHS was transferred to the new Department of Public Health and Human Services. For a description of these programs and information regarding legislative action, see the Department of Public Health and Human Services writeup in section B of volume I.

DEPT OF MILITARY AFFAIRS

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	98.94	(1.29)	(2.75)	94.90	(1.29)	(2.75)	94.90	94.90	94.90
Personal Services	2,990,425	108,529	(122,158)	2,976,796	117,342	(122,977)	2,984,790	5,961,586	
Operating Expenses	2,402,479	349,110	768,216	3,519,805	342,019	746,110	3,490,608	7,010,413	
Equipment	62,473	(57,573)	2,500	7,400	(58,073)	3,000	7,400	14,800	
Grants	571,493	144,507	0	716,000	144,507	0	716,000	1,432,000	
Benefits and Claims	2,280	0	0	2,280	0	0	2,280	4,560	
Transfers	140,523	(80,523)	0	60,000	(80,523)	0	60,000	120,000	
Debt Service	6,165	0	0	6,165	(6,165)	0	0	6,165	
Total Costs	\$6,175,838	\$464,050	\$648,558	\$7,288,446	\$459,107	\$626,133	\$7,261,078	\$14,549,524	
Fund Sources									
General Fund	1,951,162	101,327	110,827	2,163,316	102,746	80,867	2,134,775	4,298,091	
State/Other Special	42,855	20,984	16,608	80,447	21,312	21,629	85,796	166,243	
Federal Special	4,181,821	341,739	521,123	5,044,683	335,049	523,637	5,040,507	10,085,190	
Total Funds	\$6,175,838	\$464,050	\$648,558	\$7,288,446	\$459,107	\$626,133	\$7,261,078	\$14,549,524	

Agency Description

The Department of Military Affairs oversees all activities of the Army and Air National Guard, Disaster Coordination Response Division, and Veterans' Affairs Division. The department is administered by the Adjutant General, as provided for in section 2-15-1201, MCA. The department manages a joint federal-state program that keeps trained and equipped military organizations in readiness for the Governor in the event of a state emergency, and for the President in the event of a national emergency. Federal agencies control the military strength and mobilization missions of the Montana Guard. The department also plans for and coordinates state responses in disaster and emergency situations (Title 10, Chapter 3, MCA). The department manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families (Title 10 Chapter 2, MCA).

Summary of Legislative Action

The primary adjustments to the agency's base budget were related to personal services, which were increased due to vacancy savings experienced in fiscal 1994 and continuation of the fiscal 1995 pay increase. The significant non-personal services adjustments were related to additional federal pass through funds: the addition of \$144,507 per year for increased Federal Emergency Management Act (FEMA) funds for distribution to local governments, and the addition of \$107,940 per year for security contract costs at the Air National Guard.

The primary changes made through new proposals were: a) the addition of \$350,000 per year of federal spending authority in the event additional federal funds become available; b) the addition of approximately \$235,000 over the biennium to address deferred maintenance needs; and c) authorization for the agency to charge fees for armory rentals across the state, and to use that fee revenue for maintenance needs.

The legislature also approved the Performance Based Budgeting pilot program and performance targets proposed by the executive for the Air National Guard program.

Language

The legislature added the following language to address two legislative contract authority appropriations included in the agency (in the Army National Guard and Disaster Coordination Response Divisions).

"The appropriations for legislative contract authority are subject to the following provisions:

- 1) Prior to authorizing use of the appropriations, the office of budget and program planning shall require the usual and necessary contract justification.
- 2) The legislative contract authority appropriations must be accounted for and reported separately from all other appropriations.
- 3) In the event that the amount of the department's additional federal contracts exceeds its legislative contract authority, additional spending authority must be requested through the budget amendment process.
- 4) In preparing the 1999 biennium budget, the office of budget and program planning may not include legislative contract authority expenditures in the present law base."

Other Legislation

House Bill 5 - The legislature appropriated an additional \$15,325,300 to the agency for capital improvements through HB 5. Federal funds amounting to \$14,884,800 were appropriated to construct the Billings armory (\$14,009,800), provide additional spending authority for miscellaneous projects (\$800,000), and to continue construction of the state veterans' cemetery in Helena (\$75,000). Long range building program funds amounting to \$365,500 were appropriated for repair of the heating, ventilation, and air conditioning system at the STARC armory in Helena and roof replacements statewide. State special revenue of \$75,000 was also appropriated to continue construction of the state veterans' cemetery.

6701 00 00000 DEPT OF MILITARY AFFAIRS Agency Summary		EXECUTIVE BUDGET COMPARISON						
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	98.94	97.40	94.90	(2.50)	97.40	94.90	(2.50)	(2.50)
Personal Services	2,990,425	3,060,155	2,976,796	(83,359)	3,068,411	2,984,790	(83,621)	(166,980)
Operating Expenses	2,402,479	7,092,681	3,519,805	(3,572,876)	6,375,717	3,490,608	(2,885,109)	(6,457,985)
Equipment	62,473	20,750	7,400	(13,350)	8,210	7,400	(810)	(14,160)
Grants	571,493	716,000	716,000	0	716,000	716,000	0	0
Benefits and Claims	2,280	2,280	2,280	0	2,280	2,280	0	0
Transfers	140,523	60,000	60,000	0	60,000	60,000	0	0
Debt Service	6,165	6,165	6,165	0	0	0	0	0
Total Costs	\$6,175,838	\$10,958,031	\$7,288,446	(\$3,669,585)	\$10,230,618	\$7,261,078	(\$2,969,540)	(\$6,639,125)
<u>Fund Sources</u>								
General Fund	1,951,162	2,203,739	2,163,316	(40,423)	2,176,168	2,134,775	(41,393)	(81,816)
State/Other Special	42,855	70,447	80,447	10,000	75,796	85,796	10,000	20,000
Federal Special	4,181,821	8,683,845	5,044,683	(3,639,162)	7,978,654	5,040,507	(2,938,147)	(6,577,309)
Total Funds	\$6,175,838	\$10,958,031	\$7,288,446	(\$3,669,585)	\$10,230,618	\$7,261,078	(\$2,969,540)	(\$6,639,125)

Executive Budget Comparison

The legislature eliminated and/or reduced the following new proposals included in the Executive Budget: 1) eliminated the youth programs new proposal, which included 1.0 FTE and federal funds of \$3,689,562 in fiscal 1996 and \$2,977,380 in fiscal 1997; 2) eliminated the facilities maintenance support new proposal, which included 1.0 FTE,

general fund of \$15,986 each year, and federal funds of \$15,985 in fiscal 1996 and \$15,986 in fiscal 1997; 3) reduced the RCAS new proposal for a federal fund savings of \$19,000 per year; 4) eliminated the Disaster and Emergency Services Local Area Network (LAN) new proposal which included general fund of \$8,618 in fiscal 1996 and \$3,645 in fiscal 1997 and federal funds of the same amount each year; 5) eliminated the environmental tech support new proposal, which included 0.5 FTE and federal funds of \$13,935 each year; 6) eliminated the armory rental new proposal and used those funds to reduce general fund in the state maintenance - armory backlog new proposal, for a general fund savings of \$5,000 in fiscal 1996 and \$10,000 in fiscal 1997; and 7) eliminated \$8,875 of general fund each year in the service contract deferred maintenance new proposal.

The above actions were partially offset by the addition of: 1) \$107,940 of federal funds each year in the Air National Guard program, which represents pass-through funds to pay the security contract at the Gore Hill base in Great Falls; and 2) \$10,000 of state special revenue funds each year to the Disaster Coordination Response Division, to allow the expenditure of fees received from persons attending the annual disaster preparedness conference and earthquake workshops. These funds were not included in the Executive Budget.

6701 01 00000

DEPT OF MILITARY AFFAIRS**Program Summary****OPERATIONS SUPPORT**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	6.64	(0.54)	0.00	6.10	(0.54)	0.00	6.10	6.10
Personal Services	226,201	5,400	(7,439)	224,162	6,535	(7,699)	225,037	449,199
Operating Expenses	90,101	(24,026)	0	66,075	(32,464)	0	57,637	123,712
Equipment	1,335	3,065	0	4,400	(1,335)	0	0	4,400
Benefits and Claims	2,280	0	0	2,280	0	0	2,280	4,560
Total Costs	\$319,917	(\$15,561)	(\$7,439)	\$296,917	(\$27,264)	(\$7,699)	\$284,954	\$581,871
Fund Sources								
General Fund	306,371	(15,857)	(7,439)	283,075	(27,707)	(7,699)	270,965	554,040
Federal Special	13,546	296	0	13,842	443	0	13,989	27,831
Total Funds	\$319,917	(\$15,561)	(\$7,439)	\$296,917	(\$27,264)	(\$7,699)	\$284,954	\$581,871

Program Description

The Operations Support program provides financial management, budgeting, personnel, communications supervision, and other administrative services for the agency. It also provides management support and supervision for the Army and Air National Guard and the Disaster Coordination Response Division, and administrative support for the Veterans' Affairs Division. The program also disburses funds to support the operation of the departmental headquarters.

Funding

This program is supported with general fund and federal funds. The federal funds continue action taken during the November 1993 Special Session, which substituted federal funds for general fund for 50 percent of an accounting technician position.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$5,400	\$6,535
2 Inflation/Deflation	(193)	(322)
3 Fixed Costs	(23,833)	(32,142)
<i>Other Present Law Adjustments</i>		
4 Equipment	\$3,065	\$0
5 Miscellaneous	0	(1,335)
Total Present Law Adjustments	(\$15,561)	(\$27,264)

Present Law Adjustments

1) Personal Services - The legislature adjusted personal services due to vacancy savings in the base year and continuation of the fiscal 1995 pay plan. The addition for these items was partially offset by reductions for non-continuation of early retirement costs and elimination of a 0.54 FTE.

The 0.54 FTE eliminated was an administrative position, which was federal fund supported. This action increased the 0.46 FTE elimination from the November 1993 Special Session to a 1.0 FTE elimination in the 1997 biennium.

4) Equipment - The legislature added general fund of \$3,065 in fiscal 1996 to replace a copy machine.

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New Proposals

New Proposal	FTE	Fiscal 1996		FTE	Fiscal 1997	
		General Fund	Total Funds		General Fund	Total Funds
1 Personal Services Reductions		(\$7,439)	(\$7,439)		(\$7,699)	(\$7,699)
Totals		(\$7,439)	(\$7,439)		(\$7,699)	(\$7,699)

New Proposals

- 1) Personal Services Reductions - The legislature implemented a 3.3 percent vacancy savings rate to achieve general fund savings of \$7,439 in fiscal 1996 and \$7,699 in fiscal 1997.

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DEPT OF MILITARY AFFAIRS**Program Summary****ARMY NATIONAL GUARD PGM**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	18.50	0.00	0.00	18.50	0.00	0.00	18.50	18.50
Personal Services	536,791	10,201	(3,381)	543,611	12,409	(3,500)	545,700	1,089,311
Operating Expenses	1,697,422	203,301	675,390	2,576,113	211,423	650,390	2,559,235	5,135,348
Equipment Transfers	26,702	(26,702)	0	0	(26,702)	0	0	0
	<u>140,523</u>	<u>(80,523)</u>	<u>0</u>	<u>60,000</u>	<u>(80,523)</u>	<u>0</u>	<u>60,000</u>	<u>120,000</u>
Total Costs	\$2,401,438	\$106,277	\$672,009	\$3,179,724	\$116,607	\$646,890	\$3,164,935	\$6,344,659
Fund Sources								
General Fund	752,109	56,974	131,222	940,305	74,040	101,103	927,252	1,867,557
State/Other Special	0	0	5,000	5,000	0	10,000	10,000	15,000
Federal Special	1,649,329	49,303	535,787	2,234,419	42,567	535,787	2,227,683	4,462,102
Total Funds	\$2,401,438	\$106,277	\$672,009	\$3,179,724	\$116,607	\$646,890	\$3,164,935	\$6,344,659

Program Description

The Army National Guard program provides a trained and equipped military organization for use in the event of a state or national emergency. Program staff coordinate, plan, and implement training for guard personnel. The program is a joint state/federal effort with state responsibilities including maintenance of all National Guard facilities.

Funding

The Army National Guard program is funded with a combination of general fund, state special revenue, and federal funds. Depending on the use of facilities maintained by the program, costs are either funded: 1) entirely with state funds; 2) entirely with federal funds; or 3) as a shared responsibility, with federal funds responsible for 75 percent of the cost and state funds responsible for 25 percent. The 1997 biennium is the first time that state special revenue funds from armory rental fees are added in place of a similar amount of general fund, and are intended for use in addressing maintenance needs at armories across the state.

Present Law Adjustments

- 1) Personal Services - The legislature added \$10,201 in fiscal 1996 and \$12,409 in fiscal 1997 (of which approximately 22 percent is general fund) primarily due to vacancy savings in fiscal 1994 and the fiscal 1995 pay plan. These additions are partially offset by non-continuation of fiscal 1994 early retirement costs and costs associated with the 0.5 FTE excluded from the base budget. Although the 0.5 FTE was eliminated from the base budget, the associated personal services costs were not.
- 4) Rent - The legislature added \$10,092 in fiscal 1996 and \$10,512 in fiscal 1997 to annualize fiscal 1994 partial costs of the hangar rent for the Army Guard airplane.
- 5) Repair and Maintenance - The legislature added \$93,210 per year for repair and maintenance. In fiscal 1994, this amount was transferred to the Architecture and Engineering (A&E) program in the Department of Administration to remodel the military academy.
- 6) Equipment - The legislature reduced equipment expenditures by \$26,702 each year to equal the executive request for no equipment in the 1997 biennium.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$10,201	\$12,409
2 Inflation/Deflation	37,407	45,193
3 Fixed Costs	56,551	56,467
<i>Other Present Law Adjustments</i>		
4 Rent	\$10,092	\$10,512
5 Repair & Maintenance	93,210	93,210
6 Equipment	(26,702)	(26,702)
7 Accounting Entity Transfers	(80,523)	(80,523)
8 Miscellaneous	6,041	6,041
Total Present Law Adjustments	\$106,277	\$116,607

7) Accounting Entity Transfer - The legislature reduced transfers by \$80,523 per year, leaving a 1997 biennium transfer budget of \$60,000 per year for the Environmental Program to contract with other state agencies for environmental projects. Included in the reduction is the non-continuation of the transfer of funds to A&E to remodel the military academy.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Attack Batt Armory Utilities	0.00	\$34,603	\$34,603	0.00	\$34,603	\$34,603
2 State Maint. - Armory Backlog	0.00	100,000	105,000	0.00	70,000	80,000
3 Sev Contract/Deferred Maint	0.00	0	26,625	0.00	0	26,625
4 Range Program	0.00	0	153,162	0.00	0	153,162
5 Legislative Contract Authority	0.00	0	300,000	0.00	0	300,000
6 Personal Services Reduction	0.00	(3,381)	(3,381)	0.00	(3,500)	(3,500)
7 BA777 - RCAS Utilities	0.00	0	56,000	0.00	0	56,000
Totals	0.00	\$131,222	\$672,009	0.00	\$101,103	\$646,890

New Proposals

- 1) Attack Battalion Utilities - The legislature added general fund of \$34,603 each year to pay utility costs of the new attack battalion armory at the Helena airport complex, which will be completed by the start of fiscal 1996. Upon completion, repair and maintenance costs will be supported 75 percent with federal funds and 25 percent with state funds. However, utility costs are 100 percent state supported.
- 2) State Maintenance - Armory Backlog - The legislature added \$105,000 in fiscal 1996 and \$80,000 in fiscal 1997 as a one-time only appropriation to address the backlog of routine maintenance needs at state owned armories that have been deferred due to budget cuts. As presented in the Executive Budget, this new proposal was 100 percent general fund supported. However, the legislature reduced general fund by \$5,000 in fiscal 1996 and \$10,000 in fiscal 1997 and added state special revenue funds in the same amounts. The state special revenue funds will come from

fees charged for rental of armories across the state, and were originally included in the Executive Budget in a separate new proposal.

- 3) Service Contract - Deferred Maintenance - The legislature added one-time only federal funds of \$26,625 each year to catch up with the backlog of routine maintenance projects on state-owned buildings that has been deferred due to budget cuts. The legislature did not approve the 25 percent general fund match (\$8,875 per year) that was included in the Executive Budget for this new proposal. Instead, the legislature indicated that the agency could use some of the general fund included in new proposal number 2 above for the match.
- 4) Range Program - The legislature added federal funds of \$153,162 each year to do repair and maintenance work at firing ranges, particularly at Fort Harrison and Townsend. This action continues a budget amendment authorized in fiscal 1995 that added \$30,228 to operate and maintain automated target systems on firing ranges.
- 5) Legislative Contract Authority (LCA) - The legislature added a restricted appropriation of \$300,000 per year of federal spending authority to allow the Army National Guard to expend additional federal funds that may become available in a timely manner in lieu of waiting to add them through a budget amendment. The legislature also approved language associated with the LCA, which is included in the agency level discussion.
- 6) Personal Services Reduction - The legislature approved a 0.6 percent vacancy savings rate for a general fund savings of \$3,381 in fiscal 1996 and \$3,500 in fiscal 1997.
- 7) RCAS Utilities - The legislature added federal funds of \$56,000 each year to pay additional utility costs associated with the federal Reserve Component Automation System (RCAS) currently being implemented in Montana. This system allows armories nationwide to be linked electronically through computer terminals. This amount is \$19,000 per year less than originally requested in the Executive Budget because the agency was informed that only \$56,000 per year will be available.

Language

The legislature added language regarding the Legislative Contract Authority new proposal, which is shown in the preceding agency level narrative.

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DEPT OF MILITARY AFFAIRS**Program Summary**

Budget Item	Base Budget		PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
	Fiscal 1994	Fiscal 1996							
FTE	35.00	0.00	(4.00)	31.00	0.00	(4.00)	31.00	31.00	31.00
Personal Services	1,083,780	59,874	(124,105)	1,019,549	58,610	(123,836)	1,018,554	2,038,103	
Operating Expenses	421,863	117,778	30,152	569,793	130,932	33,046	585,841	1,155,634	
Equipment	400	(400)	0	0	(400)	0	0	0	0
Total Costs	\$1,506,043	\$177,252	(\$93,953)	\$1,589,342	\$189,142	(\$90,790)	\$1,604,395	\$3,193,737	
Fund Sources									
General Fund	144,637	4,243	7,536	156,416	7,709	8,261	160,607	317,023	
Federal Special	1,361,406	173,009	(101,489)	1,432,926	181,433	(99,051)	1,443,788	2,876,714	
Total Funds	\$1,506,043	\$177,252	(\$93,953)	\$1,589,342	\$189,142	(\$90,790)	\$1,604,395	\$3,193,737	

Program Description

The Air National Guard program maintains a trained and equipped military organization for use in the event of a state or national emergency. The program staff provides clerical, facilities maintenance, and fire protection support to the Air National Guard base at Gore Hill near Great Falls.

Funding

The Air Guard program is supported with general fund and federal funds. Personal services costs for firefighters, the contract for firefighting support with the Great Falls airport, and payroll service fees are federally funded. The balance of program costs are supported 75 percent with federal funds and 25 percent with general fund.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$59,874	\$58,610
2 Inflation/Deflation	24,609	37,924
3 Fixed Costs	8,612	8,451
Other Present Law Adjustments		
4 Contracts with Non-Profits	(\$12,029)	(\$12,029)
5 Repair & Maintenance	(11,354)	(11,354)
6 Security Contract	107,940	107,940
7 Miscellaneous	(400)	(400)
Total Present Law Adjustments	\$177,252	\$189,142

Present Law Adjustments

1) **Personal Services** - The legislature added federal funds of \$59,874 in fiscal 1996 and \$58,610 in fiscal 1997, primarily because of firefighter pay increases due to contract renegotiation in fiscal 1994.

4) **Contracts with Non-Profit Organizations** - The legislature eliminated \$12,029 each year associated with a contract with a non-profit organization which will not continue in the 1997 biennium.

5) **Repair and Maintenance** - The legislature reduced repair and maintenance by \$11,354 each year, which is the net result of additional funds to annualize an under-utilized contract for snow removal in the light snow year of fiscal 1994, and the removal of funds for a janitorial contract that was eliminated as a target reduction by the 1993 legislature.

6) **Security Contract** - The legislature added federal funds of \$107,940 each year to begin paying the security contract at Gore Hill through the state budget. The contract cost was previously paid directly by the federal government.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Air Guard Utilities	0.00	\$7,536	\$30,152	0.00	\$8,261	\$33,046
2 Personal Services Reduction	(4.00)	0	(124,105)	(4.00)	0	(123,836)
Totals	(4.00)	\$7,536	(\$93,953)	(4.00)	\$8,261	(\$90,790)

New Proposals

- 1) Air Guard Utilities - The legislature added \$30,152 in fiscal 1996 and \$33,046 in fiscal 1997 to pay utility costs of two new buildings (a fire station and a medical dining facility) built by the federal government. Funding for the utility costs is 25 percent general fund and 75 percent federal funds.
- 2) Personal Services Reduction - The legislature eliminated 4.0 FTE firefighter positions to achieve federal fund savings of \$124,105 in fiscal 1996 and \$123,836 in fiscal 1997. This action will not result in any layoffs, as three of the positions are currently vacant due to federal funding cutbacks and the other will be vacated prior to the beginning of the 1997 biennium.

Language

The Air National Guard program is participating in the Performance Based Budget (PBB) pilot program in the 1997 biennium. Therefore, the legislature added the following language.

"The appropriation provided for the Air National Guard program is contingent upon funds being used to attempt to achieve program performance targets as outlined in the legislative appropriations report for the 1997 biennium. The department shall provide semiannual reports to the Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst on progress toward achievement of these performance targets with explanations for any significant variances."

Table 1 shows the goals and performance targets that the program must attempt to achieve during the 1997 biennium.

Table 1
Air Guard Program PBB
Goals and Performance Targets
1997 Biennium

GOALS	PERFORMANCE TARGET
#1 -Provide reliable facilities and utilities to meet readiness requirements and satisfy installation needs.	- Achieve satisfactory or higher rating for all outside agency directed inspections, audits, and staff assistance visits.
#2 -Conduct all activities in compliance with environmental, fire, and safety laws and directives.	- Achieve satisfactory or higher rating for all environmental and safety inspections, audits, and staff assistance visits.
#3 -Operate, maintain, repair, and construct real property and installed equipment to accomplish mission in most economical manner.	- Achieve satisfactory or higher ratings on ANG Civil Engineer Technical Services assessment.
#4 -Provide effective management of contracted services including garbage, pest control, minor construction, design, and grounds.	- Complete all as estimated to customers and control contract services costs within acceptable parameters.

DEPT OF MILITARY AFFAIRS				DISASTER COORDINATION RESPONSE					
Program Summary		Base Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	PL Base Adjustment	New Proposals	Total Leg. Budget	Total Leg. Budget
Budget Item	Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE	20.00	(0.75)	0.75	20.00	(0.75)	0.75	20.00	20.00	20.00
Personal Services	648,206	17,469	17,727	683,402	21,487	17,578	687,271	1,370,673	
Operating Expenses	126,932	25,258	62,674	214,864	7,375	62,674	196,981	411,845	
Equipment	32,644	(32,644)	0	0	(28,244)	0	4,400	4,400	
Grants	571,493	144,507	0	716,000	144,507	0	716,000	1,432,000	
Total Costs	\$1,379,275	\$154,590	\$80,401	\$1,614,266	\$145,125	\$80,252	\$1,604,652	\$3,218,918	
Fund Sources									
General Fund	221,735	25,459	(6,424)	240,770	24,519	(6,649)	239,605	480,375	
State/Other Special	0	10,000	0	10,000	10,000	0	10,000	20,000	
Federal Special	1,157,540	119,131	86,825	1,363,496	110,606	86,901	1,355,047	2,718,543	
Total Funds	\$1,379,275	\$154,590	\$80,401	\$1,614,266	\$145,125	\$80,252	\$1,604,652	\$3,218,918	

Program Description

The Disaster Coordination Response Division: 1) works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, response, and recovery plans; 2) provides technical support for civil defense shelters and exercises and radiological defense and monitoring; and 3) receives, records, and disburses federal funds to eligible political subdivisions. Federal reimbursement programs include, but are not limited to: emergency management assistance, emergency operation center construction and furnishing, communication and warning equipment, supporting materials, and disaster recovery. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery. The division was reorganized in fiscal 1995 to include the formerly separate emergency management development and local reimbursement programs.

Funding

The Disaster Coordination Response Division is supported with general fund, state special revenue, and federal funds. The disaster coordination function is 50 percent general fund and 50 percent federal funds, while all other functions except workshops and conferences are federally funded. State special revenue is fee revenue from persons who attend division-sponsored workshops and conferences, and is used to support those functions.

Present Law Adjustments

1) Personal Services - The legislature added \$17,469 in fiscal 1996 and \$21,487 in fiscal 1997 due to fiscal 1994 vacancy savings, the fiscal 1995 pay plan, and increased benefit costs. These additions are partially offset by the elimination of 0.75 FTE and noncontinuation of fiscal 1994 early retirement costs.

The legislature eliminated a 0.75 FTE earthquake program coordinator, which was eliminated in fiscal 1994 due to a loss of federal funding. The 0.75 FTE was requested again in the 1997 biennium through a new proposal and approved by the legislature, as federal funds have once again been secured.

4) Local Reimbursement - The executive adds \$144,507 of federal funds per year to equal the amount of anticipated FEMA pass-through funds that will be available for distribution to local governments.

5) Equipment - The legislature reduced equipment by \$32,644 in fiscal 1996 and \$28,244 in fiscal 1997 to equal the program request for replacement computer workstations in fiscal 1997.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$17,469	\$21,487
2 Inflation/Deflation	(387)	(1,550)
3 Fixed Costs	15,712	(1,008)
<i>Other Present Law Adjustments</i>		
4 Local Reimbursement	\$144,507	\$144,507
5 Equipment	(32,644)	(28,244)
6 Conference/Workshop Fees	10,000	10,000
7 Miscellaneous	(67)	(67)
Total Present Law Adjustments	\$154,590	\$145,125

6) **Conference/Workshop Fees** - The legislature added \$10,000 per year of state special revenue spending authority to allow the program to expend fees received from conference and workshop attendees.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Earthquake Program - DES	0.75	\$0	\$36,825	0.75	\$0	\$36,901
2 Legislative Contract Authority	0.00	0	50,000	0.00	0	50,000
3 Personal Services Reduction	0.00	(6,424)	(6,424)	0.00	(6,649)	(6,649)
Totals	0.75	(\$6,424)	\$80,401	0.75	(\$6,649)	\$80,252

New Proposals

- 1) **Earthquake Program** - The legislature added a 0.75 FTE and federal funds of \$36,825 in fiscal 1996 and \$36,901 in fiscal 1997 to restore the 0.25 FTE earthquake coordinator position in present law to a full FTE in the 1997 biennium and proportionately increase the program operating budget.
- 2) **Legislative Contract Authority (LCA)** - The legislature added a restricted appropriation of \$50,000 per year of federal spending authority to allow Disaster and Emergency Services (DES) to expend additional federal funds that may become available in a timely manner in lieu of waiting to add them through a budget amendment. The legislature also added language addressing this new proposal, which is shown in the agency section.
- 3) **Personal Services Reduction** - The legislature approved a less than 1 percent vacancy savings rate to generate general fund savings of \$6,424 in fiscal 1996 and \$6,649 in fiscal 1997.

Language

The legislature added language regarding the Legislative Contract Authority new proposal, which is shown in the preceding agency level narrative.

DEPT OF MILITARY AFFAIRS**Program Summary****VETERANS AFFAIRS PROGRAM**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	18.80	0.00	0.50	19.30	0.00	0.50	19.30	19.30
Personal Services	495,447	15,585	(4,960)	506,072	18,301	(5,520)	508,228	1,014,300
Operating Expenses	66,161	26,799	0	92,960	24,753	0	90,914	183,874
Equipment	1,392	(892)	2,500	3,000	(1,392)	3,000	3,000	6,000
Debt Service	6,165	0	0	6,165	(6,165)	0	0	6,165
Total Costs	\$569,165	\$41,492	(\$2,460)	\$608,197	\$35,497	(\$2,520)	\$602,142	\$1,210,339
Fund Sources								
General Fund	526,310	30,508	(14,068)	542,750	24,185	(14,149)	536,346	1,079,096
State/Other Special	42,855	10,984	11,608	65,447	11,312	11,629	65,796	131,243
Total Funds	\$569,165	\$41,492	(\$2,460)	\$608,197	\$35,497	(\$2,520)	\$602,142	\$1,210,339

Program Description

The Veterans' Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemetery located at Fort Harrison in Helena.

Funding

The Veterans Affairs Program is funded with general fund and state special revenue funds from donations, license plate fees, and plot allowances.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$15,585	\$18,301
2 Inflation/Deflation	1,270	1,395
3 Fixed Costs	13,620	5,284
Other Present Law Adjustments		
4 Donation Spending Authority	\$10,500	\$10,500
5 Other Services	0	6,415
6 Travel	2,000	2,000
7 Equipment	(892)	(1,392)
8 Miscellaneous	(591)	(7,006)
Total Present Law Adjustments	\$41,492	\$35,497

Present Law Adjustments

1) **Personal Services** - The legislature added \$15,585 in fiscal 1996 and \$18,301 in fiscal 1997 due to the standard personal services adjustments, partially offset by non-continuation of fiscal 1994 retirement costs and costs associated with the 0.12 FTE cemetery groundskeeper excluded from the base budget. Although the 0.12 FTE was excluded from the base budget, the associated state special revenue funded personal services costs were not. The 0.12 FTE was reinstated through a new proposal as a 0.5 FTE.

4) **Donation Spending Authority** - The legislature added \$10,500 per year of state special revenue spending authority to allow the expenditure of additional cemetery donations and burial plot allowances.

5) **Other Services** - The legislature added state special revenue of \$6,415 in fiscal 1997 for a lawnmower purchase and contracted gravesite work at the Veterans' Cemetery.

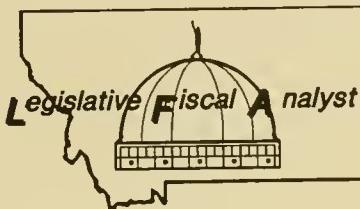
- 6) Travel - The legislature added general fund of \$2,000 per year to annualize travel expenditures that were lower than usual in fiscal 1994 due to fewer than usual board meetings.
- 7) Equipment - The legislature reduced equipment by \$892 in fiscal 1996 and \$1,392 in fiscal 1997 to equal the agency request for replacement equipment.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 New Office Equipment	0.00	\$2,500	\$2,500	0.00	\$3,000	\$3,000
2 Cemetery Groundskeeper	0.50	0	11,608	0.50	0	11,629
3 Personal Services Reduction	0.00	(16,568)	(16,568)	0.00	(17,149)	(17,149)
Totals	0.50	(\$14,068)	(\$2,460)	0.50	(\$14,149)	(\$2,520)

New Proposals

- 1) New Office Equipment - The legislature added general fund of \$2,500 in fiscal 1996 and \$3,000 in fiscal 1997 to purchase new equipment for field offices including copiers, a typewriter, and answering machines.
- 2) Cemetery Groundskeeper - The legislature added a 0.5 FTE and state special revenue of \$11,608 in fiscal 1996 and \$11,629 in fiscal 1997 to continue employment of a part-time cemetery groundskeeper added as a 0.12 temporary position in fiscal 1994. Funding is from revenue received from veterans' license plate sales.
- 3) Personal Services Reduction - The legislature approved implementation of a 3.2 percent vacancy savings rate to achieve general fund savings of \$16,568 in fiscal 1996 and \$17,149 in fiscal 1997.

EDUCATION



JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

Office of Public Instruction

Montana University System (MUS)

Board of Public Education

Agricultural Experiment Station

School for the Deaf and Blind

Cooperative Extension Service

Vocational Education Council

Forestry and Conservation Experiment Station

Commissioner of Higher Education

Bureau of Mines

Community Colleges

Fire Services Training School

Colleges of Technology

-----Committee Members-----

House

Representative Royal Johnson (Chair)

Senate

Senator Daryl Toews (Vice-Chair)

Representative Mike Kadas

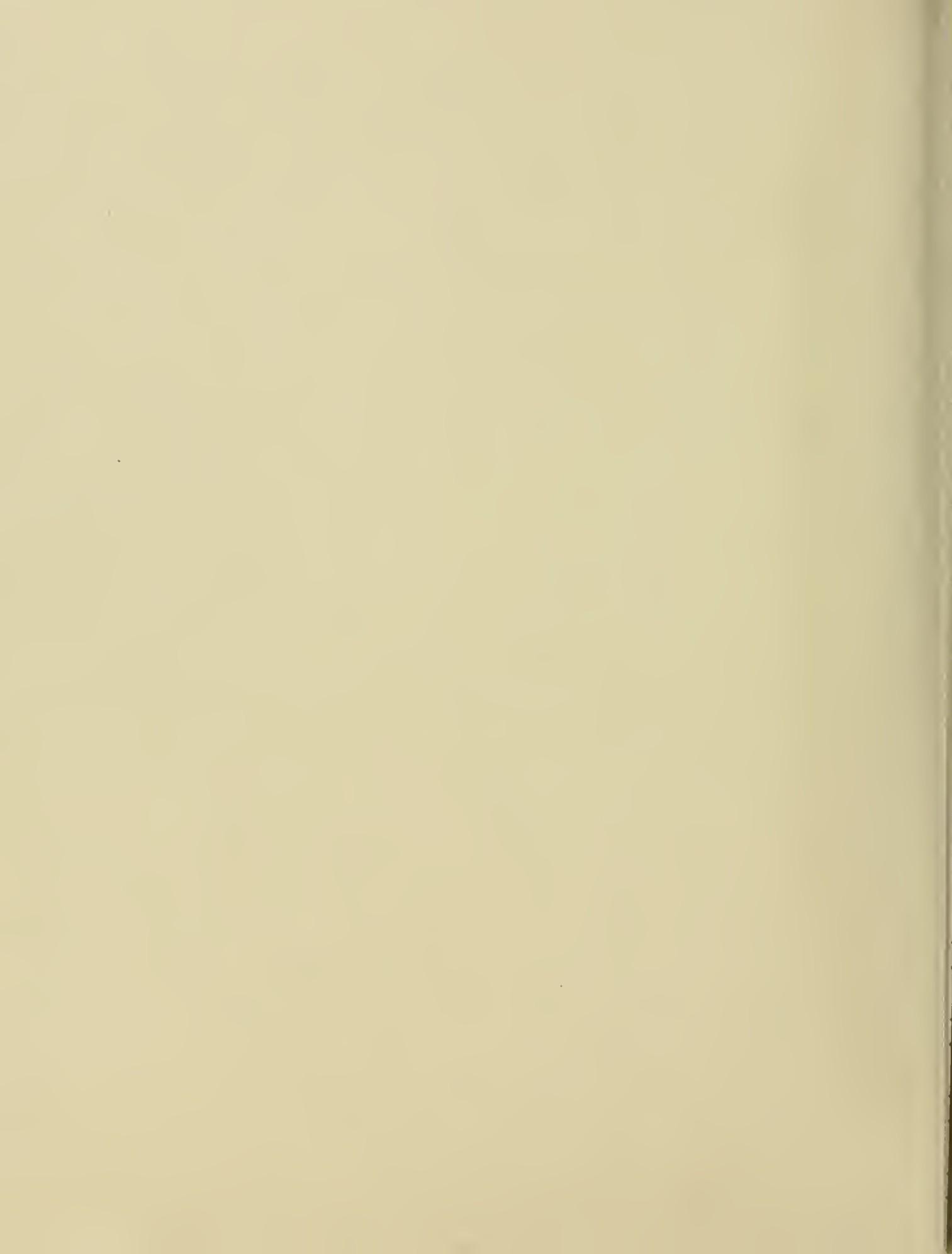
Senator Arnie Mohl

Representative Don Holland

Senator Greg Jergeson

-----Fiscal Analyst Staff-----

Sandy Whitney
Skip Culver



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OFFICE OF PUBLIC INSTRUCTION

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		139.23	(24.55)	1.00	115.68	(24.55)	(2.00)	112.68	112.68
Personal Services		4,886,070	(417,183)	(165,941)	4,302,946	(1,422,100)	(166,917)	3,297,053	7,599,999
Operating Expenses		3,149,416	508,096	425,265	4,082,777	447,370	301,461	3,898,247	7,981,024
Equipment		221,008	(125,994)	0	95,014	(131,706)	0	89,302	184,316
Local Assistance		45,067,029	418,230,803	360,000	463,657,832	412,257,311	1,752,000	459,076,340	922,734,172
Grants		54,806,813	66,916,619	0	121,723,432	(54,729,541)	0	77,272	121,800,704
Transfers		529,859	389,248	0	919,107	(502,094)	0	27,765	946,872
Total Costs		\$108,660,195	\$485,501,589		\$619,324	\$594,781,108	\$355,919,240	\$1,886,544	\$466,465,979
Fund Sources									
General Fund		45,289,541	422,455,030	47,580	467,792,151	414,897,540	1,639,001	461,826,082	929,618,233
State/Other Special		4,962,768	(4,737,804)	197,057	422,021	(4,738,206)	233,347	457,909	879,930
Federal Special		8,920,115	117,272,134	374,687	126,566,936	(4,752,323)	14,196	4,181,988	130,748,924
Proprietary		1,039,740	(1,039,740)	0	0	(1,039,740)	0	0	0
Agency Fund		48,448,031	(48,448,031)	0	0	(48,448,031)	0	0	0
Total Funds		\$108,660,195	\$485,501,589		\$619,324	\$594,781,108	\$355,919,240	\$1,886,544	\$466,465,979
									\$1,061,247,087

Agency Description

The Superintendent of Public Instruction is an elected official authorized by Section 1, Article VI, of the Montana constitution. Section 20-3-106, MCA, states that the Superintendent "...has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for vocational education in Montana. The Office of Public Instruction (OPI) provides services to Montana school-age children and to teachers in more than 500 state school districts. The staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance, and school law. The staff administers a number of federally funded programs and provides a variety of information services.

Summary of Legislative Action

The primary adjustment to the budget was a reduction in the Administration Program of \$1 million over the 1997 biennium. This reduction consisted of \$600,000 in general fund and \$400,000 of federal funds. FTE were not reduced.

The legislature moved all proprietary funding for this agency off budget, as a result of the passage of HB 576, which eliminated the requirement that certain proprietary funds be appropriated by the legislature. This action resulted in the reduction of 19.55 FTE per year and elimination of proprietary funds amounting to \$1.1 million each year.

The legislature authorized new proposals for the Administration program totalling \$476,833 and 1.0 FTE in fiscal 1996 and \$353,173 and 1.0 FTE in fiscal 1997. The increases were offset by a reduction of 3.0 FTE in fiscal 1997 and a personal services reductions of \$217,509 in fiscal 1996 and \$218,629 in fiscal 1997. The legislature approved one new federally funded proposal of \$360,000 over the biennium for Arts and English curriculum development in the Distribution to Schools program.

As a result of the passage of SB 83 (the de-earmarking bill), the legislature appropriated \$826 million general fund in the Distribution to Schools program for state support for public schools (BASE funding) and to provide guaranteed tax base (GTB) support for a portion of school general fund and retirement costs.

Other Legislation

House Bill 5 - HB 5 (the long range building program bill) includes appropriations of \$1.5 million for fiscal 1996 and \$2 million for fiscal 1997 for state school facility reimbursements.

House Bill 201 - HB 201 increases the timber harvest on state lands from 32 million board feet per year to 50 million board feet. The additional revenues from the increased timber harvests on school trust lands are earmarked to public schools for technology acquisition. No money is projected to come to schools under this bill until the 1997-1998 school year because of the lead-time necessary to prepare the additional timber sales.

House Bill 416 - HB 416 re-authorizes the state reimbursement program for school facilities. School districts that sold bonds for school facilities after July 1, 1991 and that are "low-wealth" districts (i.e., the district raises less revenue per student per mill than the statewide average), will be eligible for state equalization aid to assist with debt service payments. (The appropriation for state school facility reimbursements of \$3.5 million is included in HB 5.)

House Bill 561 - Effective January 1, 1996, HB 561 increases the annual motorcycle safety training fee from \$2.50 to \$5 for each motorcycle registered for licensing. The legislature appropriated the additional revenue anticipated from the fee increases to the motorcycle safety program administered by OPI.

House Bill 576 - The legislature moved all proprietary funding for this agency off budget, as a result of the passage of this bill, which eliminated the requirement that certain proprietary funds be appropriated by the legislature. This action resulted in the reduction of 19.55 FTE per year and elimination of proprietary funds of \$1,051,670 in fiscal 1996 and \$1,056,864 in fiscal 1997. (Present Law Base plus New Proposal.)

Senate Bill 83 - SB 83 redirects the tax revenue which had been designated to the school equalization account (SEA) into the general fund. Beginning in fiscal 1996, all K-12 appropriations, which in prior biennia had come from the SEA account (BASE Aid, school transportation, SIMMS), are now appropriated from the general fund. The legislation requires that the state continue to track and identify, within the general fund, those tax dollars directed by statute to be used for the support of K-12 education. SB 83 also removes the statutory appropriation for K-12 BASE aid and requires instead that it be a legislative appropriation.

Senate Bill 112 - SB 112 adopts a number of the recommendations of the Task Force on Pupil Transportation. Highlights of bill include changes to the bus route reimbursement formula to include a weighted ridership component and a five-day count every November of high school students who ride the bus; elimination of a provision designating "special education" buses automatically full for reimbursement purposes; guidelines for County Transportation Committees to follow when approving bus routes; and modifications to the reimbursement for individual transportation contracts. The estimated savings to the state resulting from the passage of SB 112 are estimated to be \$97,100 per fiscal year. The general fund appropriation for school transportation in HB 2 was reduced by this amount.

Senate Bill 161 - SB 161 replaces the tax on motorcycles with a fee in lieu of tax and requires counties and school districts to anticipate the motorcycle fee as a non-levy revenue in budgeted funds.

Senate Bill 412 - SB 412 revises the taxation of oil and gas production by aggregating a variety of separate taxes into one set of oil and gas production taxes, all due within 60 days following the end of the production quarter. The bill has two major impacts on schools: 1) it accelerates the payment of local government severance taxes on calendar 1995 production, with the result of providing schools in oil and gas producing areas with a one-time additional collection, and 2) beginning in calendar 1996, schools will receive the oil and gas tax distributions within 120 days following the production quarter.

If the district chooses to deposit the monies in the general fund, it may reserve the funds as excess reserves with the option of using the funds to reduce over-BASE levies.

Senate Bill 417 - SB 417 lowers the property tax rate on business equipment and machinery from 9 percent to 6 percent over a three-year period beginning January 1, 1996. School districts and local governments will be reimbursed for the loss of property tax revenues for 3 years. For the tax year beginning January 1, 1999, the reimbursement will be phased-out by 10 percent each year until it is eliminated in 2009. The reimbursement to taxing jurisdictions is estimated at \$3.95 million for fiscal 1996 and \$14.35 million for fiscal 1997; these amounts include the reimbursements to the 95 mill statewide levy.

School districts will allocate the reimbursement across the funds of the district in proportion to the mill levies for the various funds. The allocation to the district general fund will be used, in the same manner as other non-levy revenues, to reduce the BASE budget levy. In districts eligible for guaranteed tax base (GTB) aid, this reimbursement will also reduce the state GTB payment. So, the GTB-eligible district will see a decrease in its GTB payment while at the same time experiencing a reduction in the district taxable valuation used to fund the over-BASE portion of the budget.

Senate Bill 424 - SB 424 recalculates the "unit values" used to distribute oil and gas taxes paid on production from pre-1985 wells. As a consequence of this bill, school districts will see an increase in their share of these production taxes relative to the total distribution.

OFFICE OF PUBLIC INSTRUCTION				EXECUTIVE BUDGET COMPARISON					
Agency Summary		Base Budget	Executive Budget	Legislative Budget	Leg. - Exec. Difference	Executive Budget	Legislative Budget	Leg. - Exec. Difference	Biennium Difference
Budget Item	Fiscal 1994	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1996	Fiscal 1997	Fiscal 1997	Fiscal 1997	Fiscal 96-97
FTE	139.23	138.23	115.68	(22.55)	135.23	112.68	(22.55)	(22.55)	
Personal Services	4,886,070	4,812,790	4,302,946	(509,844)	4,808,636	3,297,053	(1,511,583)	(2,021,427)	
Operating Expenses	3,149,416	4,884,465	4,082,777	(801,688)	4,740,769	3,898,247	(842,522)	(1,644,210)	
Equipment	221,008	95,014	95,014	0	89,302	89,302	0	0	
Local Assistance	45,067,029	51,441,928	463,657,832	412,215,904	48,285,847	459,076,340	410,790,493	823,006,397	
Grants	54,806,813	67,875,917	121,723,432	53,847,515	55,392,787	77,272	(55,315,515)	(1,468,000)	
Transfers	529,859	919,107	919,107	0	27,765	27,765	0	0	
Total Costs	\$108,660,195	\$130,029,221	\$594,781,108	\$464,751,887	\$113,345,106	\$466,465,979	\$353,120,873	\$817,872,760	
<u>Fund Sources</u>									
General Fund	45,289,541	50,217,673	467,792,151	417,574,478	43,605,452	461,826,082	418,220,630	835,795,108	
State/Other Special	4,962,768	4,915,187	422,021	(4,493,166)	4,916,477	457,909	(4,458,568)	(8,951,734)	
Federal Special	8,920,115	73,844,691	126,566,936	52,722,245	63,765,994	4,181,988	(59,584,006)	(6,861,761)	
Proprietary	1,039,740	1,051,670	0	(1,051,670)	1,057,183	0	(1,057,183)	(2,108,853)	
Agency Fund	48,448,031	0	0	0	0	0	0	0	
Total Funds	\$108,660,195	\$130,029,221	\$594,781,108	\$464,751,887	\$113,345,106	\$466,465,979	\$353,120,873	\$817,872,760	

Executive Budget Comparison

SB 83 redirects the tax revenue which had been designated to the school equalization account (SEA) into the general fund. Beginning in fiscal 1996, all K-12 appropriations, which in prior biennia had come from the SEA account (BASE Aid, school transportation, SIMMS), are now appropriated from the general fund. Resulting in general fund increases over the executive level of approximately \$9 million, appropriations from the SEA account are reduced by a like amount. SB 83 also removes the statutory appropriation for K-12 BASE aid and requires instead that it be a legislative appropriation. The legislature added \$826 million general fund to the OPI budget as a general fund biennial appropriation in order to provide for state support for public schools (BASE funding) and to provide guaranteed tax base (GTB) support for a portion of school general fund and retirement costs.

The legislature reduced the executive present law budget for OPI by \$1 million over the 1997 biennium. This reduction consisted of \$600,000 in general fund and \$400,000 of federal funds. The legislature did not approve executive new proposals for a federal health enhancement grant of \$217,950 and for the federally funded executive new proposal for "Goals 2000", a reduction of \$6,553,370 and 2.0 over the 1997 biennium.

The traffic education new proposal, which included 2.0 FTE and \$260,000 of general fund over the biennium, was also not adopted; instead, the legislature added 1.0 FTE and \$75,000 per year of state special revenue from the traffic education account for the general administration of traffic education programs in the school districts.

The legislature increased the following executive new proposals: 1) the Arts & English Curriculum framework federal grant was increased from \$75,000 per year to \$110,000 per year for administration and the portion awarded to school districts was increased from \$124,000 per year to \$180,000 per year; 2) the cooperative food purchase new proposal (state special revenue) was increased by \$10,000 per year from the executive proposal of \$2,273 in fiscal 1996 and \$3,613 in fiscal 1997.

Finally, the legislature approved as a biennial appropriation all federal funds, which are distributed to school districts. As a result, legislative appropriations for federal funds are significantly greater in fiscal 1996 than the executive proposal. Conversely, fiscal 1997 shows a reduction in federal funds from the Executive Budget.

OFFICE OF PUBLIC INSTRUCTION		OPI ADMINISTRATION							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		139.23	(24.55)	1.00	115.68	(24.55)	(2.00)	112.68	112.68
Personal Services	4,886,070	(417,183)	(165,941)	4,302,946	(1,422,100)	(166,917)	3,297,053	7,599,999	
Operating Expenses	3,129,646	527,866	425,265	4,082,777	467,140	301,461	3,898,247	7,981,024	
Equipment	220,846	(125,832)	0	95,014	(131,544)	0	89,302	184,316	
Local Assistance	17,161	(17,161)	0	0	(17,161)	0	0	0	0
Grants	70,227	7,045	0	77,272	7,045	0	77,272	154,544	
Transfers	476,516	442,591	0	919,107	(448,751)	0	27,765	946,872	
Total Costs	\$8,800,466	\$417,326	\$259,324	\$9,477,116	(\$1,545,371)	\$134,544	\$7,389,639	\$16,866,755	
Fund Sources									
General Fund	3,553,948	892,791	47,580	4,494,319	(691,207)	(112,999)	2,749,742	7,244,061	
State/Other Special	549,027	(324,063)	197,057	422,021	(324,465)	233,347	457,909	879,930	
Federal Special	3,657,751	888,338	14,687	4,560,776	510,041	14,196	4,181,988	8,742,764	
Proprietary	1,039,740	(1,039,740)	0	0	(1,039,740)	0	0	0	0
Total Funds	\$8,800,466	\$417,326	\$259,324	\$9,477,116	(\$1,545,371)	\$134,544	\$7,389,639	\$16,866,755	

Program Description

The Administration program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties. The program: 1) supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board; 2) is responsible for the distribution and accounting of state and federal funds provided to school districts; 3) provides operational support to OPI; and 4) provides assistance and information to school districts. The program administers all federal grants received by OPI, including the budgets for: 1) curriculum assistance; 2) special education; 3) Chapter I administration; 4) secondary vocational education administration; 5) Title IV administration; and 6) other educational services including driver's education, school food services, and audiology.

Funding

The Administration program of the Office of Public Instruction is funded from general fund, state special revenue, and federal grants. Proprietary funds were moved off budget due to the passage of HB 576. Proprietary funds are used to support the centralized services function. In order to allow OPI flexibility in managing the \$1 million present law reduction imposed over the biennium, the legislature approved biennial appropriations for the Administration program.

Present Law Adjustments

1) Personal Services - A reduction of 5.0 FTE and approximately \$47,000 each year is associated with the removal of traffic education funding from the base. The balance of funding for the 5.0 FTE was a language appropriation removed from the base as an adjustment to actual expenditures.

Offsetting the traffic safety reductions are increases due to: a) upgrades of staff, which total approximately \$40,000 each year; and b) the continuation of the 1995 biennium pay plan. The net result of these increases and the FTE reduction is an additional \$55,379 in fiscal 1996 and \$49,883 in fiscal 1997.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$34,467	\$31,189
2 Inflation/Deflation	19,764	9,710
3 Fixed Costs	94,650	29,463
<i>Other Present Law Adjustments</i>		
4 METNET	\$22,970	\$22,970
5 Audiology Contracts	21,114	21,114
6 Rent	15,772	15,772
7 Federal Funds	888,338	914,482
8 Equipment	(169,898)	(165,041)
9 Accounting Entity Transfers	442,591	(448,751)
10 Legislative present law reduction	0	(1,000,000)
11 Vocational Ed Termination Payout	112,422	112,999
12 Miscellaneous	13,689	(5,392)
Total Present Law Adjustments	\$1,495,879	(\$461,485)

\$89,302 for fiscal 1997, compared to a base budget of \$220,846. The legislature approved the upgrade of personal computers and file servers purchased between 1981 and 1991 with new computer hardware capable of using the state standard "windows" operating system. This equipment request will replace 65 personal computers and 4 file servers during the 1997 biennium.

8) Accounting Entity Transfers - The OPI centralized services support function is funded from a proprietary account receiving revenue from all programs within OPI. The revenue is transferred into the proprietary account from the general fund, state special revenue accounts, and federal accounts. As a result of HB 576, the proprietary account is off budget and no longer appropriated by the legislature. The general fund contribution to the proprietary account is shown as an accounting entity transfer (the money transfers from the general fund to the proprietary account). The legislature authorized this transfer as a biennial appropriation to accommodate cash flow problems between fiscal years. The present law increase in fiscal 1996 and the offsetting reduction in fiscal 1997 are a result of the biennial appropriation budgeted in the first year of the biennium.

9) Legislative Reductions to Present Law - The legislature reduced the present law budget of OPI by a total of \$1 million over the 1997 biennium (\$600,000 general fund and \$400,000 federal funds). This reduction is intended to be applied against the following subprograms of OPI: a) the superintendent's office; b) centralized services; and c) the basic education program, which includes curriculum and accreditation. To allow OPI flexibility in managing this reduction, the appropriations for OPI administration were designated as biennial. OPI can then transfer funds as necessary from fiscal 1996 into fiscal 1997 to manage the reduction over the biennium.

10) Vocational Education Termination Payouts - To protect the vocational education budget from having to absorb anticipated retirement payouts, the legislature added, as a restricted appropriation, \$112,422 in fiscal 1996 and \$112,999 in fiscal 1997.

3) Fixed Costs - The biennial budget for audit fees is adjusted by \$33,717 in fiscal 1996 to \$67,797. Because the audit is a biennial appropriation and budgeted in fiscal 1996, the present law for fiscal 1997 is reduced by the amount included in the base, \$34,080.

4) Montana Education Technology Network (METNET) - The legislature increased the base budget for METNET by \$22,970 per year for a total of \$200,000 per year from the school equalization account. This is the same level appropriated for METNET during the 1995 biennium.

5) Audiology Contracts - The legislature approved the shifting of personal services funds into the statewide audiology contract beginning in fiscal 1996, increasing the audiology contract by \$21,114 each year of the biennium.

6) Federal Funds - The increase reflects anticipated increases in federal programs administered by OPI.

7) Equipment - The Executive Budget for equipment includes \$95,014 for fiscal 1996 and

11) House Bill 576 - The legislature moved all proprietary funding for this agency off budget as a result of the passage of HB 576, which eliminated the requirement that certain proprietary funds be appropriated by the legislature. This action results in a present law reduction of 19.55 FTE and a reduction of proprietary funds of \$1,039,740 per year. These positions and proprietary funds are used to support the central services function in the Administration program. The proprietary fund receives its revenue from indirect cost charges levied against federal and state special appropriations.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Arts & English Curriculum Framework	0.00	\$0	\$110,000	0.00	\$0	\$110,000
2 CO-OP Food Purchase Program	0.00	0	12,273	0.00	0	13,613
3 Revolving School Food Commodities	0.00	0	55,000	0.00	0	55,000
4 Traffic Safety Ed/Private Fund	0.00	0	34,560	0.00	0	34,560
5 Traffic Education	1.00	0	75,000	1.00	0	75,000
6 MAEFAIRS	0.00	160,000	160,000	0.00	0	0
7 Motorcycle Safety (HB561)	0.00	0	30,000	0.00	0	65,000
8 Personal Services Reductions	0.00	(112,420)	(217,509)	(3.00)	(112,999)	(218,629)
Totals	1.00	\$47,580	\$259,324	(2.00)	(\$112,999)	\$134,544

New Proposals

- 1) Arts and English Curriculum Framework - This new proposal continues a program established by a budget amendment in fiscal 1994. The proposal allows OPI to use \$290,000 of U.S. Department of Education funds each year of the 1997 biennium for the Arts and English Curriculum Framework project. Of this amount, OPI will retain \$110,000 for administrative costs (no FTE), which include training and assistance to model schools, teachers, and students. This program is intended to integrate the teaching of English with the teaching of the arts through a framework that includes curriculum development, teacher certification guidelines, and the establishment of model school pilot sites. The remaining \$180,000 is to be distributed to the model school districts (see Distribution to Schools Program "New Proposals").
- 2) Cooperative Food Purchase Program - The legislature approved additional state special revenue funds for the cooperative food purchase program. This program combines the annual food purchase orders from participating school districts into one state order. By combining district orders into one bid, savings of 10 to 40 percent are often realized. OPI charges 2 percent of the bid received to administer the program. This request will pay increased operating expenses of the program as a result of the increased participation by school districts throughout the state.
- 3) Revolving School Food Commodities - The legislature approved an additional \$55,000 each year from state special revenue funds for the school food commodities program. OPI receives donated food from the U.S. Department of Agriculture for use by public and private school lunch programs. Private schools are required to pay OPI for the cost of warehousing and processing the commodities they receive from OPI. This request is to cover increased processing and warehousing costs as a result of increased use of the program by private schools. No additional staff is included in this proposal.

4) Traffic Safety Education (Private Funds) - OPI plans to seek private donations of \$34,560 each year during the 1997 biennium and use these funds to conduct a series of teacher training workshops for elementary and middle school teachers. Six sessions per year are planned.

5) Traffic Education - The legislature added 1.0 FTE and \$75,000 per year of state special revenue from the traffic education account for the general administration of traffic education programs in the school districts. This appropriation is contingent upon the passage and approval of SB 83 (the de-earmarking bill) which includes a provision authorizing the legislature to appropriate administrative costs for traffic education to OPI from the traffic education special revenue account.

6) Montana Automated Education Financial and Information Reporting System (MAEFAIRS) - The legislature approved a biennial appropriation of \$160,000 general fund to continue system development and maintenance of the school district electronic reporting system (referred to as MAEFAIRS). Development of MAEFAIRS began with the implementation of HB 667 (passed by the 1993 legislature), which included a \$400,000 appropriation to OPI for the 1995 biennium.

Prior to the development of MAEFAIRS, school districts submitted all enrollment and budget data to OPI on paper. OPI then contracted with a private data processing firm to transfer all data received to an electronic data base format. This process was slow and time consuming for the school districts and OPI, often resulting in delays collecting and proofing the information received. When fully operational, MAEFAIRS will enable all school districts to directly input financial and enrollment reports to OPI, using personal computers via a direct telephone line to OPI's computer. Schools are scheduled to begin electronic reporting in fiscal 1995 with a majority of school districts included in fiscal 1996.

7) Motorcycle Safety (House Bill 561) - Effective January 1, 1996, HB 561 increases the annual motorcycle safety training fee from \$2.50 to \$5 for each motorcycle registered for licensing. The legislature appropriated the additional revenue anticipated from the fee increases to the motorcycle safety program administered by OPI.

8) Personal Services Reductions - The legislature adopted vacancy savings of \$217,509 in fiscal 1996 and a reduction of \$218,629 and 3.0 FTE in fiscal 1997. This proposal represents approximately 5.0 percent of the agency personal services present law budget.

Language

"The legislative audit committee, in accordance with its constitutional authority to supervise legislative postaudits, shall ensure the independence of the audit of the office of the superintendent of public instruction conducted pursuant to Title 5, chapter 13, MCA, during the 1997 biennium. It is the intent of the legislature that the biennial financial compliance audit for the two fiscal years ending June 30, 1996, be contracted. To the extent that the legislative audit committee contracts with a private firm to conduct a portion of the audit or the entire audit, including the federal single audit, the total costs of all audit work during the biennium must be paid first from the line item appropriation to the office of the superintendent of public instruction for audit costs."

"Because of de-earmarking by Senate Bill No. 83, item 1 has been reduced by \$200,000 in state special revenue in fiscal year 1996 and by \$200,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 1 are reduced by \$200,000 in fiscal year 1996 and by \$200,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts." (Senate Bill 83 was passed and approved.)

"If House Bill No. 561 is not passed and approved, the state special revenue in item 1 [Administration] is reduced by \$30,000 in fiscal year 1996 and \$65,000 in fiscal year 1997." (House Bill 561 was passed and approved.)

"The superintendent of public instruction shall adopt policies that:

(1) prohibit any hidden or private conferences, message data bases, or file areas unless they are used exclusively for confidential personnel or student privacy matters;

(2) require that any Montana resident be granted access privileges upon request, as well as read-only access to all file areas and message data bases, except as provided in subsection (1). These access privileges do not prohibit denying write-access to any area of the bulletin boards.

(3) prohibit the use of the systems for political or lobbying purposes. These prohibitions do not apply to internet conferences that may be carried on the BBS network. Violation of this provision is to result in a denial of all access privileges for a period of at least 1 year."

"Funds appropriated to the office of public instruction for the 1997 biennium may not be expended for purposes of the goals "2000" program."

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OFFICE OF PUBLIC INSTRUCTION**DISTRIBUTION TO PUBLIC SCHOOLS****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	19,770	(19,770)	0	0	(19,770)	0	0	0
Equipment	162	(162)	0	0	(162)	0	0	0
Local Assistance	45,049,868	418,247,964	360,000	463,657,832	412,274,472	1,752,000	459,076,340	922,734,172
Grants	54,736,586	66,909,574	0	121,646,160	(54,736,586)	0	0	121,646,160
Transfers	53,343	(53,343)	0	0	(53,343)	0	0	0
Total Costs	\$99,859,729	\$485,084,263	\$360,000	\$585,303,992	\$357,464,611	\$1,752,000	\$459,076,340	\$44,380,332
Fund Sources								
General Fund	41,735,593	421,562,239	0	463,297,832	415,588,747	1,752,000	459,076,340	922,374,172
State/Other Special	4,413,741	(4,413,741)	0	0	(4,413,741)	0	0	0
Federal Special	5,262,364	116,383,796	360,000	122,006,160	(5,262,364)	0	0	122,006,160
Agency Fund	48,448,031	(48,448,031)	0	0	(48,448,031)	0	0	0
Total Funds	\$99,859,729	\$485,084,263	\$360,000	\$585,303,992	\$357,464,611	\$1,752,000	\$459,076,340	\$44,380,332

Program Description

The Distribution to Public Schools program is used by OPI to distribute various state and federal funds to local education agencies.

Funding

For a complete listing of appropriations by fund type included in the Distribution to Schools program, see Table 1.

Table 1
Distribution to Schools by Program
Present Law Adjustments

Budget Item	Base Budget 1994	PL Base Adjustments Fiscal 1996	New Proposals Fiscal 1996	Total Budget 1996	PL Base Adjustments Fiscal 1997	New Proposals Fiscal 1997	Total Budget 1997
General Fund Appropriation							
Special Education	\$32,793,845	(\$71,048)	\$0	\$32,722,797	(\$71,048)	\$0	\$32,722,797
Special Education Contingency *	511,989	1,519,174	0	2,031,163	(511,989)	0	*
Transportation	6,224,073	4,278,827	0	10,502,900	4,378,827	0	10,602,900
School Foods	626,190	33,999	0	660,189	35,541	0	661,731
Gifted & Talented*	144,143	155,857	0	300,000	(144,143)	0	*
Secondary Vo-Ed*	651,703	648,297	0	1,300,000	(651,703)	0	*
Adult Basic Education*	248,750	251,250	0	600,000	(248,750)	0	*
In-State Treatment *	534,898	1,414,894	0	1,949,791	(534,898)	0	*
SIMMS	0	500,000	0	500,000	500,000	0	500,000
House Bill 479 (Failed to Pass)	0	0	0	0	0	1,752,000	1,752,000
K-12 BASE Aid	0	412,830,992	0	412,830,992	412,836,912	0	412,836,912
Total General Fund	\$41,735,591	\$421,562,241	\$0	\$463,297,832	\$415,588,749	\$1,752,000	\$459,076,340
State Special Revenue							
Transportation	\$3,914,062	(\$3,914,062)	\$0	\$0	(\$3,914,062)	\$0	*
SIMMS	499,679	(499,679)	0	0	(499,679)	0	*
Total State Special Revenue	\$4,413,741	(\$4,413,741)	\$0	\$0	(\$4,413,741)	\$0	*
Federal Special Revenue							
Individual Disabilities Education Act*	\$674,817	\$1,756,583	\$0	\$2,431,400	(\$674,817)	\$0	*
Adult Basic Education*	854,025	510,975	0	1,365,000	(854,025)	0	*
Job Training Partnership Act*	378,228	638,972	0	1,017,200	(378,228)	0	*
Vocational Education *	2,836,064	3,186,461	0	6,022,525	(2,836,064)	0	*
Chapter I*	514,775	1,780,225	0	2,295,000	(514,775)	0	*
Voed Serve America*	4,454	(4,454)	0	0	(4,454)	0	*
Foreign Language*	0	108,000	0	108,000	0	0	*
Arts & English Curriculum*	0	0	360,000	360,000	0	0	*
McKinney Homeless*	0	264,000	0	264,000	0	0	*
School District Grants **	48,448,031	59,695,004	0	108,143,035	(48,448,031)	0	*
Total Federal Funds	\$53,710,394	\$67,935,766	\$360,000	\$122,006,160	(\$53,710,394)	\$0	\$0
Total Distribution to Public Schools Program	\$99,859,725	\$485,084,267	\$360,000	\$585,303,992	\$357,464,615	\$1,752,000	\$459,076,340

* Biennial appropriations

** Federal funds for local school districts, beginning in fiscal 1996, will be appropriated from federal special revenue account.

Present Law Adjustments

The following appropriations of state and federal funds shown in Table 1 and discussed below represent funds, which are distributed to Montana school districts.

- 1) **Special Education** - Federal and state laws require school districts to provide an appropriate public education program for all students with disabilities. The present law budget continues general fund at the appropriated level of the 1995 biennium, less \$123,000. The \$123,000 was appropriated to the Department of Public Health and Human Services (PHHS) to fund the Managing Resources Montana (MRM) program in the Mental Health Program (see the present law narrative of PHHS, Mental Health Program).

- 2) Special Education Contingency - The legislature approved as a general fund biennial appropriation \$2,031,163 to be used when the special education costs of a school district exceed by 10 percent the funds distributed by formula. The state will then match \$2 out of every \$3 expended above that level.
- 3) Transportation - School districts providing student transportation between home and school in excess of three miles are entitled to a state statutory reimbursement based upon rate per mile, bus size, and occupancy in accordance with the payment schedules set forth in 20-10-140, MCA; 20-10-142, MCA; and 20-10-145, MCA. For school district transportation, the legislature appropriated general fund of \$10,502,900 in fiscal 1996, and \$10,602,900 for fiscal 1997. In the 1995 biennium, school transportation was funded from both general fund and the school equalization account (SEA). As a result of the passage of Senate Bill 83, all SEA appropriations are now included in the general fund.
- 4) School Foods - School foods funds are the state required maintenance of effort for federal school food reimbursements. Federal law requires that Montana provide a 30 percent match on the Section 4 general assistance paid for school lunches served, adjusted for average income in the state. Present law increases of \$33,999 in fiscal 1996 and \$35,541 in fiscal 1997 are due to increases in the number of school lunches being served.
- 5) Gifted and Talented - The Gifted and Talented program was initiated in fiscal 1982 to provide funds to local school districts to begin or maintain programs for gifted and talented students. The present law budget includes a \$300,000 general fund biennial appropriation for this program, which continues the level appropriated in fiscal 1994.
- 6) Secondary Vocational Education - The present law budget for secondary vocational education is \$1,300,000 general fund for the 1997 biennium, reflecting the 1995 biennium appropriation prior to the removal of \$7,500 during the November 1993 Special Session. These grants fund "excess" costs associated with secondary vocational education programs and are in addition to school foundation funds and district levies. "Excess" costs are those additional costs for vocational education not associated with other programs, such as additional equipment and full-year teaching contracts.
- 7) Adult Basic Education - This general fund appropriation for Adult Basic Education provides high school level education to persons who wish to receive their high school equivalency degree.
- 8) In-State Treatment - This appropriation from the general fund is used by OPI to contract with children's psychiatric hospitals and residential treatment facilities in Montana to provide education services to emotionally disturbed children who are placed in the treatment programs of these centers and are unable to receive education in the public schools.
- 9) Systemic Initiative for Montana Mathematics and Science Grant (SIMMS) - The 1995 legislature appropriated \$500,000 of general fund each year of the 1997 biennium to provide matching funds for the SIMMS grant awarded to Montana by the National Science Foundation (NSF). The purpose of this grant is to develop new methods of teaching mathematics to high school students. The program was initiated in the 1993 biennium and is expected to continue through fiscal 1997.
- 10) K-12 BASE Aid - As a result of the passage of SB 83, all appropriations which used to be from the SEA account are now appropriated from the general fund. The legislature appropriated \$825,667,904 as a general fund biennial appropriation to the school equalization aid account (SEA) in order to provide sufficient revenue to fund the state statutory responsibility for state support of public schools (BASE funding) and to provide guaranteed tax base (GTB) support for a portion of school general fund and retirement costs.
- 11) Federal Special Revenue Funds - Federal funds are received from the U.S. Department of Education for use by local school districts in the manner prescribed by each federal act authorizing the grants. Because OPI has discretion

regarding the final grant recipients, these funds must be appropriated by the legislature. The present law budget includes biennial appropriations for the following:

- a) \$2,431,400 for the Individuals with Disabilities Education Act (IDEA) sections B and D;
- b) \$1,365,000 for Adult Basic Education;
- c) \$1,017,200 for the Job Training Partnership Act;
- d) \$6,022,525 Carl Perkins Vocational Education funds;
- e) \$2,295,000 Chapter 1 funds;
- f) \$108,000 foreign language education funds; and
- g) \$264,000 for the McKinney Homeless Grant.

Also included as a biennial appropriation for the first time is \$108,143,035 of pass-through funds for school district grants. In prior fiscal years these funds flowed directly to school districts and were not considered a state appropriation. However, due to changes in national accounting policy, they must now be recorded in the federal special revenue account and appropriated.

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New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Arts & English Curriculum Framework	0.00	\$0	\$360,000	0.00	\$0	\$0
2 HB479	0.00	0	0	0.00	1,752,000	1,752,000
Totals	0.00	\$0	\$360,000	0.00	\$1,752,000	\$1,752,000

New Proposals

1) Arts and English Curriculum Framework - The legislature approved the continuation of this program, which was established by a budget amendment in fiscal 1994. The proposal will distribute \$360,000 of federal funds as a biennial appropriation to selected model schools for the Arts and English Curriculum Framework. This program is intended to integrate the teaching of English with the teaching of the arts through a framework that includes curriculum development, teacher certification guidelines, and the establishment of model school pilot sites.

2) House Bill 479 - HB 479 would have allowed school districts to transfer school district general fund to the building reserve fund. As a result state BASE Aid would have increased to the extent districts transferred funds and reduced the amount reappropriated in the ensuing year. The legislature added a contingent \$1.752 million to the BASE appropriation in anticipation of passage of this bill. Because HB 479 did not pass, the fiscal 1997 appropriation for K-12 BASE Aid will be reduced to \$412,683,000.

Language

"All revenue received in the state traffic education account under the provisions of 20-7-504 and 61-5-121, MCA, is appropriated as provided in Title 20, chapter 7, part 5. This appropriation may not exceed \$1 million per year."

"The office of public instruction may distribute the amounts required from the appropriation for "in-state treatment" to public schools for the purpose of providing education costs in day-treatment services."

"The office of public instruction may use up to 1% of the appropriation provided in item 2a [Special Education] to provide the matching funds necessary for medicaid reimbursements paid for medicaid-eligible services provided by public school districts."

"The office of public instruction may transfer any unused balance in the appropriation in item 2b [Special Education Contingency] to the special education appropriation in item 2a [Special Education]."

"The office of public instruction may distribute the amounts required from the appropriation for "in-state treatment" to public schools for the purpose of providing education costs in day-treatment services."

"Because of de-earmarking by Senate Bill No. 83, item 2c [School Transportation] has been reduced by \$3,908,166 in state special revenue in fiscal year 1996 and by \$3,908,166 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 2c [School Transportation] are reduced by \$3,908,166 in fiscal year 1996 and by \$3,908,166 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts."

"Because of de-earmarking by Senate Bill No. 83, item 2i [SIMMS] has been reduced by \$500,000 in state special revenue in fiscal year 1996 and by \$500,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 2i [SIMMS] are reduced by \$500,000 in fiscal year 1996 and by \$500,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts." (Senate Bill 83 was passed and approved.)

"Item 2r [K-12 BASE Aid] has been increased by \$1,752,000 in general fund money in fiscal year 1997. If House Bill No. 479 is not passed and approved, general fund money in item 2r [K-12 BASE Aid] is reduced by \$1,752,000 in fiscal year 1997." (House Bill 479 did not pass.)

"Because of de-earmarking and elimination of the statutory appropriation by Senate Bill No. 83, item 2r [K-12 BASE Aid] has been increased by \$290,180,000 in general fund money in fiscal year 1996 and by \$290,180,000 in general fund money in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue and eliminates the statutory appropriation, then the general fund amount in item 2r [K-12 BASE Aid] is reduced by \$290,180,000 in general fund money in fiscal year 1996 and by \$290,180,000 in general fund money in fiscal year 1997."

"Because of de-earmarking and elimination of the statutory appropriation by Senate Bill No. 83, item 2t [School District Audits] has been increased by \$147,992 in general fund money in fiscal year 1996 and by \$153,912 in general fund money in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue and eliminates the statutory appropriation, then the general fund amounts in item 2t [School District Audits] are reduced by \$149,992 in fiscal year 1996 and by \$153,912 in fiscal year 1997."

BOARD OF PUBLIC EDUCATION

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	143,666	3,462		0	147,128	4,060	0	147,726	294,854
Operating Expenses	49,425	94,010		0	143,435	90,863	0	140,288	283,723
Equipment	4,701	(4,701)		0	0	(4,701)	0	0	0
Total Costs	\$197,792	\$92,771		\$0	\$290,563	\$90,222	\$0	\$288,014	\$578,577
Fund Sources									
General Fund	110,912	6,084		0	116,996	4,929	0	115,841	232,837
State/Other Special	86,880	86,687		0	173,567	85,293	0	172,173	345,740
Total Funds	\$197,792	\$92,771		\$0	\$290,563	\$90,222	\$0	\$288,014	\$578,577

Agency Description

The Board of Public Education, created by Article X, Section 9 of the Montana constitution, consists of seven voting members appointed by the Governor. The board is charged with exercising "general supervision over the public school system." The board is also designated by statute as the governing board of the Montana School for the Deaf and Blind. Together with the Board of Regents, the board does the general planning, coordinating, and evaluation of the state's educational system (Title 20, Chapter 2, MCA). The board accredits schools, certifies teachers, adopts policies and standards for various educational programs, and orders the distribution of state equalization aid. The board's accreditation standards are the basis for eligibility for local school districts to receive state funds. The board hears cases regarding denial, suspension, and revocation of teacher certificates and reviews teacher education programs leading to interstate reciprocity.

Summary of Legislative Action

The legislature generally maintained present law expenditures to the Board of Public Education. As a result of the passage of SB 83, the appropriation for special projects and research studies associated with the professional development of teachers, which in prior biennia had been appropriated statutorily, is appropriated by the legislature in HB 2 at \$80,000 per year.

Executive Budget Comparison

The legislature approved the budget for the Board of Public Education as requested in the Executive Budget. However, as a result of the passage of SB 83, the appropriation for special projects and research studies associated with the professional development of teachers, which in prior biennia had been appropriated statutorily, is now appropriated by the legislature and included in HB 2.

BOARD OF PUBLIC EDUCATION				EXECUTIVE BUDGET COMPARISON					
Agency Summary		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item									
FTE		4.00	4.00	4.00	0.00	4.00	4.00	0.00	0.00
Personal Services	143,666	147,128	147,128	0	147,726	147,726	0	0	0
Operating Expenses	49,425	63,435	143,435	80,000	60,480	140,288	79,808	159,808	
Equipment	4,701	0	0	0	0	0	0	0	0
Total Costs	\$197,792	\$210,563	\$290,563	\$80,000	\$208,206	\$288,014	\$79,808	\$159,808	
Fund Sources									
General Fund	110,912	116,996	116,996	0	115,954	115,841	(113)	(113)	
State/Other Special	86,880	93,567	173,567	80,000	92,252	172,173	79,921	159,921	
Total Funds	\$197,792	\$210,563	\$290,563	\$80,000	\$208,206	\$288,014	\$79,808	\$159,808	

BOARD OF PUBLIC EDUCATION				ADMINISTRATION					
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	88,069	2,459	0	90,528	2,823	0	90,892	181,420	
Operating Expenses	29,515	6,989	0	36,504	5,380	0	34,895	71,399	
Equipment	2,847	(2,847)	0	0	(2,847)	0	0	0	0
Total Costs	\$120,431	\$6,601	\$0	\$127,032	\$5,356	\$0	\$125,787	\$252,819	
Fund Sources									
General Fund	110,912	6,084	0	116,996	4,929	0	115,841	232,837	
State/Other Special	9,519	517	0	10,036	427	0	9,946	19,982	
Total Funds	\$120,431	\$6,601	\$0	\$127,032	\$5,356	\$0	\$125,787	\$252,819	

Program Description

The staff of the Administration program provide administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

Funding

This program is funded with general fund and teacher certification fees. Revenue from teacher certification fees of \$10,036 in fiscal 1996 and \$9,946 in fiscal 1997 is appropriated to the administration program to fund the cost of support services provided to the teacher certification Advisory Council.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$2,459	\$2,823
2 Inflation/Deflation	95	29
3 Fixed Costs	1,800	257
Other Present Law Adjustments		
4 Office Rent	\$4,125	\$4,125
5 Repair & Maintenance	969	969
6 Equipment	(2,847)	(2,847)
Total Present Law Adjustments	\$6,601	\$5,356

Present Law Adjustments

- 1) **Personal Services** - The increases primarily reflect a continuation of the fiscal 1995 pay plan and additional board members' per diem of \$900 to \$4,900 each year, based upon seven board members attending seven meetings annually.
- 4) **Office Rent** - Beginning in the 1997 biennium, the budget for the Board of Public Education includes rent for office space occupied by the board in the Montana Higher Education Student Assistance Corporation (MHESAC) building. During the 1995 biennium, office rent for the Board of Public Education was paid by the Office of the Commissioner of Higher Education (CHE). The amount included for rent in the budget of the CHE office was reduced by a like amount.

- 5) **Repair & Maintenance** - Maintenance contracts for personal computers and fax equipment purchased in fiscal 1994 increase repair and maintenance costs by \$969 each year of the biennium.
- 6) **Equipment** - No equipment was approved, a reduction from the 1994 base of \$2,847 per year.

BOARD OF PUBLIC EDUCATION**Program Summary****ADVISORY COUNCIL**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	55,597	1,003	0	56,600	1,237	0	56,834	113,434
Operating Expenses	19,910	87,021	0	106,931	85,483	0	105,393	212,324
Equipment	1,854	(1,854)	0	0	(1,854)	0	0	0
Total Costs	\$77,361	\$86,170	\$0	\$163,531	\$84,866	\$0	\$162,227	\$325,758
Fund Sources								
State/Other Special	77,361	86,170	0	163,531	84,866	0	162,227	325,758
Total Funds	\$77,361	\$86,170	\$0	\$163,531	\$84,866	\$0	\$162,227	\$325,758

Program Description

The seven-member Certification Standards and Practices Advisory Council was created by the legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: teacher, administrator, and specialist certification standards; the status and efficacy of approved teacher education programs; the feasibility of establishing standards of professional practices and ethical conduct; and policies relating to the denial, suspension, and revocation of teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council.

Funding

Funding for the Advisory Council is from teacher certification fees. The annual teacher certification fee is presently \$6; of this amount, \$3 is deposited to a state special revenue account from which expenditures for Advisory Council operations are appropriated, and \$3 is deposited to a separate state special revenue account to be appropriated by the legislature for special projects and research studies associated with the professional development of teachers in Montana. (In prior biennia, the \$3 for research was statutorily appropriated. As a result of the passage of SB 83, all revenue received from teacher certification fees is appropriated by the legislature.)

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$1,003	\$1,237
2 Inflation/Deflation	128	133
3 Fixed Costs	1,799	256
<u>Other Present Law Adjustments</u>		
4 Office Rent	\$4,125	\$4,125
5 Repair & Maintenance	969	969
6 Equipment	(1,854)	(1,854)
7 Research Fund (SB 83)	80,000	80,000
Total Present Law Adjustments	\$86,170	\$84,866

Present Law Adjustments

- 1) **Personal Services** - The increases reflect a continuation of the fiscal 1995 pay plan.
- 4) **Office Rent** - Beginning in the 1997 biennium, the budget for the Board of Public Education includes rent paid to MHESAC for office space occupied by the board in the MHESAC building. During the 1995 biennium, office rent for the Board of Public Education was paid by CHE. The amount included for rent in the budget of the CHE office is reduced by a like amount.
- 5) **Repair & Maintenance** - Maintenance contracts for personal computers and fax equipment purchased in fiscal 1994 increase repair and

maintenance costs by \$969 each year of the biennium.

- 6) Equipment - No equipment was approved in the budget, a reduction from the 1994 base of \$1,854 per year.
- 7) Senate Bill 83 - Research Funds - As a result of the passage of SB 83, funds for special projects and research studies associated with the professional development of teachers, which in prior biennia had been appropriated statutorily, are now appropriated in HB 2. In fiscal 1994, a total of \$71,560 was expended from the statutory appropriation for this purpose. The appropriation for the 1997 biennium from research funds is \$80,000 each fiscal year.

SCHOOL FOR THE DEAF & BLIND

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	81.68	0.00	0.00	81.68	0.00	0.00	81.68	81.68
Personal Services	2,361,623	465,741	(113,365)	2,713,999	468,314	(113,468)	2,716,469	5,430,468
Operating Expenses	390,626	87,663	0	478,289	63,551	0	454,177	932,466
Equipment	25,334	24,529	0	49,863	(24,000)	0	1,334	51,197
Capital Outlay	9,586	1	0	9,587	1	0	9,587	19,174
Transfers	4,900	0	0	4,900	0	0	4,900	9,800
Debt Service	7,901	(7,901)	0	0	(7,901)	0	0	0
Total Costs	\$2,799,970	\$570,033	(\$113,365)	\$3,256,638	\$499,965	(\$113,468)	\$3,186,467	\$6,443,105
Fund Sources								
General Fund	2,490,611	323,846	89,603	2,904,060	253,938	89,499	2,834,048	5,738,108
State/Other Special	228,382	255,650	(201,344)	282,688	255,490	(201,343)	282,529	565,217
Federal Special	80,977	(9,463)	(1,624)	69,890	(9,463)	(1,624)	69,890	139,780
Total Funds	\$2,799,970	\$570,033	(\$113,365)	\$3,256,638	\$499,965	(\$113,468)	\$3,186,467	\$6,443,105

Agency Description

The goal of the Montana School for the Deaf and Blind (MSDB) is to offer a quality, comprehensive education that will enable its students to achieve their greatest potential. Authority for the school is contained in Title 20, Chapter 8, Part 1, MCA. To attend the school, students must be diagnosed as being deaf and/or blind or must have such a significant hearing or sight impairment that they are unable to receive a quality education from the public schools of the state. Additionally, the school serves students statewide through a resource consultant outreach program.

Summary of Legislative Action

The legislature approved a 4 percent vacancy savings reduction for all programs but did not require a reduction in FTE. The legislature also replaced state special revenue with general fund of \$195,000 each year of the 1997 biennium in the Outreach program. (The remaining funds for the Outreach program budget of approximately \$210,000 each year are state special revenue from fees for services paid by school districts.) For all other programs the legislature generally maintained the present law expenditures of the MSDB.

Language

"Revenue received from the rental use of the MSDB facilities and deposited into the state special revenue account is appropriated for use by MSDB. This appropriation may not exceed \$10,000 per year."

Executive Budget Comparison

The legislature adopted the Executive Budget for MSDB, with three exceptions. Rather than adopting the personal services and FTE reductions proposed in the Executive Budget, the legislature approved a 4 percent vacancy savings reduction on all programs and retained the present law level of FTE. The legislature also reduced the executive new proposal to fund the Outreach Program with general fund from approximately \$210,000 per year to \$195,000 per year. The balance of the funding for the Outreach Program is appropriated from state special revenue funds and requires MSDB to bill school districts for the expenses incurred above the level of the general fund appropriation. Finally, minor adjustments in the executive inflation rate were made in all programs in fiscal 1997.

SCHOOL FOR THE DEAF & BLIND				EXECUTIVE BUDGET COMPARISON					
Agency Summary		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item									
FTE		81.68	79.27	81.68	2.41	79.27	81.68	2.41	2.41
Personal Services	2,361,623	2,690,860	2,713,999	23,139	2,693,252	2,716,469	23,217	46,356	
Operating Expenses	390,626	478,289	478,289	0	455,313	454,177	(1,136)	(1,136)	0
Equipment	25,334	49,863	49,863	0	1,334	1,334	0	0	
Capital Outlay	9,586	9,587	9,587	0	9,587	9,587	0	0	
Transfers	4,900	4,900	4,900	0	4,900	4,900	0	0	
Debt Service	7,901	0	0	0	0	0	0	0	
Total Costs	\$2,799,970	\$3,233,499	\$3,256,638	\$23,139	\$3,164,386	\$3,186,467	\$22,081	\$45,220	
<u>Fund Sources</u>									
General Fund	2,490,611	2,887,985	2,904,060	16,075	2,818,872	2,834,048	15,176	31,251	
State/Other Special	228,382	274,000	282,688	8,688	274,000	282,529	8,529	17,217	
Federal Special	80,977	71,514	69,890	(1,624)	71,514	69,890	(1,624)	(3,248)	
Total Funds	\$2,799,970	\$3,233,499	\$3,256,638	\$23,139	\$3,164,386	\$3,186,467	\$22,081	\$45,220	

5113 01 00000 SCHOOL FOR THE DEAF & BLIND		ADMINISTRATION PROGRAM							
Program Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	141,171	43,419	(7,384)	177,206	44,223	(7,416)	177,978	355,184	
Operating Expenses	24,796	31,466	0	56,262	2,291	0	27,087	83,349	
Equipment	1,621	1,398	0	3,019	(1,621)	0	0	0	3,019
Total Costs	\$167,588	\$76,283	(\$7,384)	\$236,487	\$44,893	(\$7,416)	\$205,065	\$441,552	
<u>Fund Sources</u>									
General Fund	167,588	76,283	(7,384)	236,487	44,893	(7,416)	205,065	441,552	
Total Funds	\$167,588	\$76,283	(\$7,384)	\$236,487	\$44,893	(\$7,416)	\$205,065	\$441,552	

Program Description

The Administration program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school.

Funding

The Administration program is funded 100 percent from the general fund.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$43,419	\$44,223
2 Inflation/Deflation	(493)	(1,948)
3 Fixed Costs	31,578	3,858
<u>Other Present Law Adjustments</u>		
4 Equipment	\$1,398	(\$1,621)
5 Miscellaneous	381	381
Total Present Law Adjustments	\$76,283	\$44,893

Present Law Adjustments

1) **Personal Services** - During fiscal 1994, the position of school superintendent remained vacant for several months, resulting in reduced costs in the base year. The increase in personal services is primarily caused by full funding for the position in the 1997 biennium. In addition, personal services increases totalling \$4,919 reflect a continuation of the fiscal 1995 pay plan.

4) **Equipment** - The legislature approved the purchase of a personal computer and printer in fiscal 1996, an increase of \$1,398 over the base budget. No equipment is recommended for fiscal 1997, a reduction of \$1,621 from the base year.

New Proposals

1) **Personal Services Reduction** - The legislature approved vacancy savings of 4 percent each year of the biennium.

5113 01 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions		(\$7,384)	(\$7,384)		(\$7,416)	(\$7,416)
Totals		(\$7,384)	(\$7,384)		(\$7,416)	(\$7,416)

5113 02 00000

SCHOOL FOR THE DEAF & BLIND**Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	109,544	(1,739)	(4,312)	103,493	(1,936)	(4,304)	103,304	206,797
Operating Expenses	153,626	17,327	0	170,953	20,472	0	174,098	345,051
Equipment	1,799	6,001	0	7,800	(1,799)	0	0	7,800
Capital Outlay	9,586	1	0	9,587	1	0	9,587	19,174
Transfers	4,900	0	0	4,900	0	0	4,900	9,800
Total Costs	\$279,455	\$21,590	(\$4,312)	\$296,733	\$16,738	(\$4,304)	\$291,889	\$588,622
Fund Sources								
General Fund	279,455	21,590	(4,312)	296,733	16,738	(4,304)	291,889	588,622
Total Funds	\$279,455	\$21,590	(\$4,312)	\$296,733	\$16,738	(\$4,304)	\$291,889	\$588,622

Program Description

The General Services program staff are responsible for general upkeep and maintenance of the school's eight buildings and 18.5 acre campus.

Funding

The General Services program is funded 100 percent from the general fund.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	(\$1,739)	(\$1,936)
2 Inflation/Deflation	6,433	10,026
3 Fixed Costs	10,894	10,446
Other Present Law Adjustments		
4 Equipment	\$6,001	(\$1,799)
5 Miscellaneous	1	1
Total Present Law Adjustments	\$21,590	\$16,738

Present Law Adjustments

1) Personal Services - A decrease in the personal services budget from the base year is primarily due to a reduction in the average salary paid as a result of turnover, partially offset by full funding of the 1995 pay plan.

4) Equipment - The legislature approved \$7,800 in fiscal 1996 for a tractor lawnmower, a carpet cleaner, and a fireproof storage cabinet to store flammable materials. These amounts are an increase of \$6,000 over the base year. No equipment was budgeted for fiscal 1997, resulting in a reduction of \$1,799 from the base year.

New Proposals

1) Personal Services Reduction - The legislature approved vacancy savings of 4 percent.

5113 02 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions		(\$4,312)	(\$4,312)		(\$4,304)	(\$4,304)
Totals		(\$4,312)	(\$4,312)		(\$4,304)	(\$4,304)

Program Summary		STUDENT SERVICES							
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	29.74	0.00	0.00	29.74	0.00	0.00	29.74	29.74	
Personal Services	683,994	76,051	(30,402)	729,643	78,072	(30,483)	731,583	1,461,226	
Operating Expenses	116,367	1,949	0	118,316	3,278	0	119,645	237,961	
Equipment	2,213	22,455	0	24,668	(879)	0	1,334	26,002	
Debt Service	7,901	(7,901)	0	0	(7,901)	0	0	0	
Total Costs	\$810,475	\$92,554	(\$30,402)	\$872,627	\$72,570	(\$30,483)	\$852,562	\$1,725,189	
Fund Sources									
General Fund	779,323	92,555	(30,402)	841,476	72,571	(30,483)	821,411	1,662,887	
Federal Special	31,152	(1)	0	31,151	(1)	0	31,151	62,302	
Total Funds	\$810,475	\$92,554	(\$30,402)	\$872,627	\$72,570	(\$30,483)	\$852,562	\$1,725,189	

Program Description

The Student Services program provides residential care for children living at the school.

Funding

The Student Services program is funded from two sources: 1) general fund of \$841,476 in fiscal 1996 and \$821,411 in fiscal 1997; and 2) federal school lunch program funds of \$31,151 each year, which share in the costs of providing meals to low-income children.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$76,051	\$78,072
2 Inflation/Deflation	1,897	3,226
Other Present Law Adjustments		
3 Equipment	\$22,455	(\$879)
4 Debt Service	(7,901)	(7,901)
5 Miscellaneous	52	52
Total Present Law Adjustments	\$92,554	\$72,570

Present Law Adjustments

1) **Personal Services** - The increase in the present law budget for personal services represents vacancy savings of \$68,000 incurred in fiscal 1994 and not budgeted in fiscal 1996, and an additional \$8,000 due to the continuation of the 1995 biennium pay plan.

3) **Equipment** - The legislature approved the replacement in fiscal 1996 of a nine passenger van used to transport students at an estimated cost of \$22,000. Other equipment includes washers, dryers, and dishwashers at a total cost of \$2,668 in fiscal 1996 and \$1,334 in fiscal 1997.

4) **Debt Service** - In fiscal 1994, MSDB made its final payment on the five-year lease purchase of a school bus. As a result, the \$7,901 debt service payment was removed from the base budget.

5113 03 00000

New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Personal Services Reductions		(\$30,402)	(\$30,402)		(\$30,483)
Totals		(\$30,402)	(\$30,402)		(\$30,483)

New Proposals

- 1) Personal Services Reduction - The legislature adopted vacancy savings of 4 percent.

SCHOOL FOR THE DEAF & BLIND**EDUCATION****Program Summary**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	42.94	0.00	0.00	42.94	0.00	0.00	42.94	42.94
Personal Services	1,426,914	348,010	(71,267)	1,703,657	347,955	(71,265)	1,703,604	3,407,261
Operating Expenses	95,837	36,921	0	132,758	37,510	0	133,347	266,105
Equipment	19,701	(5,325)	0	14,376	(19,701)	0	0	14,376
Total Costs	\$1,542,452	\$379,606	(\$71,267)	\$1,850,791	\$365,764	(\$71,265)	\$1,836,951	\$3,687,742
Fund Sources								
General Fund	1,264,245	133,418	131,701	1,529,364	119,736	131,702	1,515,683	3,045,047
State/Other Special	228,382	255,650	(201,344)	282,688	255,490	(201,343)	282,529	565,217
Federal Special	49,825	(9,462)	(1,624)	38,739	(9,462)	(1,624)	38,739	77,478
Total Funds	\$1,542,452	\$379,606	(\$71,267)	\$1,850,791	\$365,764	(\$71,265)	\$1,836,951	\$3,687,742

Program Description

The Education program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local school. The Education program serves visually and hearing impaired children who remain in their local school districts by providing deaf/blind educational support services to the students' local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system.

Funding

The present law budget for the Education program is funded from the following sources:

- 1) general fund of approximately \$1.5 million each year;
- 2) earmarked revenue, including: a) interest and earnings from state lands of \$200,000 per year; b) \$74,000 per year from non-resident tuition; and c) fees from services provided of \$8,688 in fiscal 1996 and \$8,636 in fiscal 1997. Lands originally granted by the federal government are held in trust by the State of Montana for the use and benefit of MSDB (section 20-8-110, MCA). The Department of State Lands, under the direction of the Land Board, manages these trust lands to provide a continuing source of revenue for the school. Revenues from these trust lands are deposited to two accounts: the MSDB Interest and Income account (I&I), and the MSDB trust fund. Revenue to the I&I account is directly appropriated to MSDB. Revenue to the trust fund is invested and the earnings are appropriated to MSDB; and
- 3) federal funds, which include: a) medicaid reimbursement of \$7,133 each year; b) federal indirect cost recovery of \$5,883 each year; and c) other federal grants of \$25,723 each year.

Present Law Adjustments

- 1) **Personal Services** - The base budget for personal services increases primarily due to two factors: a) approximately \$79,000 for salary raises authorized in the fiscal 1995 pay plan and continued in the 1997 biennium; and b) \$50,900 for teacher aid and interpreter positions. Additional personal services were added through additional tuition and outreach program appropriations which are discussed in items 4 and 5 below.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$130,698	\$130,643
2 Inflation/Deflation	1,237	2,389
3 Fixed Costs	(227)	(166)
<i>Other Present Law Adjustments</i>		
4 Non-Resident Tuition (Personal Services)	\$74,000	\$74,000
5 Outreach Program	180,648	180,595
6 Equipment	(5,325)	(19,700)
7 Miscellaneous	(1,425)	(1,997)
Total Present Law Adjustments	\$379,606	\$365,764

support via a grant from the Office of Public Instruction was used to support the Outreach Program in fiscal 1994). This adjustment increases the present law budget from earmarked revenue funds to the level appropriated in fiscal 1994.

6) Equipment - The legislature approved \$11,676 in fiscal 1996 for the purchase of a computerized braille printing system. This equipment scans regular print material and reproduces it in braille, allowing visually impaired students access to more publications and reducing the amount of braille publications purchased. In addition, the equipment budget includes three lab microscopes at \$900 each to replace the forty-year old microscopes which are in disrepair and cannot be fixed. The total fiscal 1996 equipment request is a \$5,325 reduction from the 1994 equipment expenditures of \$19,700. No equipment budget is recommended for fiscal 1997.

5113 04 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Restore GF/Library/Outreach		\$195,000			\$195,000	
2 Personal Services Reductions		(63,299)	(71,267)		(63,298)	(71,265)
Totals		\$131,701	(\$71,267)		\$131,702	(\$71,265)

New Proposals

1) Restore General Fund Support for Outreach Program - The legislature appropriated general fund of \$195,000 each year to provide general fund support for the MSDB Outreach Program. The 1993 legislature removed all general fund support from the Outreach Program and required instead that all operating expenses be billed out to the school districts as payment for services rendered. The general fund appropriation for the Outreach Program is intended to fund 3.12 FTE and related expenses.

2) Personal Services Reduction - The legislature approved vacancy savings of 4 percent.

5116 00 00000

VOCATIONAL EDUCATION COUNCIL

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		2.50	0.00	0.00	2.50	0.00	0.00	2.50	2.50
Personal Services		93,124	7,213	0	100,337	7,554	0	100,678	201,015
Operating Expenses		56,487	7,882	0	64,369	5,779	0	62,266	126,635
Equipment		3,901	(1,201)	0	2,700	799	0	4,700	7,400
Total Costs		\$153,512	\$13,894	\$0	\$167,406	\$14,132	\$0	\$167,644	\$335,050
Fund Sources									
Federal Special		153,512	13,894	0	167,406	14,132	0	167,644	335,050
Total Funds		\$153,512	\$13,894	\$0	\$167,406	\$14,132	\$0	\$167,644	\$335,050

Agency Description

The Vocational Education Council was created in 1985 to comply with the Carl D. Perkins Vocational Education Act of 1984. The purposes of the thirteen-member council are to: 1) analyze and evaluate the vocational education program delivery system assisted under the Perkins Act and under the Job Training Partnership Act; and 2) report to and advise the Governor, State Board of Regents of Higher Education, Department of Education, business community, and general public on how well the state's needs for vocational education are being met.

Summary of Legislative Action

The legislature made minor present law changes to the budget of the Vocational Education Council and appropriated all federal funds anticipated, which included any unexpended federal funds from previous fiscal years.

Funding

Funding for the Vocational Education Council is provided through the federal Carl Perkins Vocational Education Act (Public Law 101-392). Montana is authorized \$150,000 annually from the grant. Funding in the 1997 biennium is higher than the authorized grant due to balances from previous fiscal years in which the full grant was not completely expended.

Present Law Adjustments

- 1) Personal Services - The position of the Program Administrator was upgraded from a grade 17 to a grade 18 during fiscal 1994. The legislature approved an increase to the base budget of \$4,477 (additional salary plus benefits) in each year of the 1997 biennium as a result of this upgrade. Other personal service increases reflect a continuation of the fiscal 1995 pay plan, and provision of full insurance coverage to a part-time position.
- 4) Consulting Services - The legislature increased consulting services to achieve mandates required by the Carl D. Perkins Vocational and Applied Technology Act amendments of 1990.
- 5) Travel and Miscellaneous - The legislature increased travel by \$2,000 each year of the 1997 biennium. Other adjustments total \$731 each year.
- 6) Indirect Costs - The legislature approved indirect cost payments to the Department of Administration in the amount of \$1,100 each year of the biennium. Indirect cost payments were not made by the agency during the base year (fiscal 1994).

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$7,213	\$7,554
2 Inflation/Deflation	370	487
3 Fixed Costs	991	(3,229)
<i>Other Present Law Adjustments</i>		
4 Consulting Services	\$2,690	\$4,690
5 Travel and Miscellaneous	2,731	2,731
6 Indirect Costs	1,100	1,100
7 Equipment	(1,201)	799
Total Present Law Adjustments	\$13,894	\$14,132

7) **Equipment** - The legislature approved one laptop computer in fiscal 1996, and one personal computer and a fax machine in fiscal 1997. Other items include furniture replacement and software. The proposed present law equipment budget is a \$1,201 reduction from the base budget for fiscal 1996 and a \$799 increase for fiscal 1997.

5116 00 00000 VOCATIONAL EDUCATION COUNCIL				EXECUTIVE BUDGET COMPARISON					
Agency Summary		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE		2.50	2.50	2.50	0.00	2.50	2.50	0.00	0.00
Personal Services	93,124	100,337	100,337		0	100,678	100,678	0	0
Operating Expenses	56,487	64,369	64,369		0	62,394	62,266	(128)	(128)
Equipment	3,901	2,700	2,700		0	4,700	4,700	0	0
Total Costs	\$153,512	\$167,406	\$167,406		\$0	\$167,772	\$167,644	(\$128)	(\$128)
Fund Sources									
Federal Special	153,512	167,406	167,406		0	167,772	167,644	(128)	(128)
Total Funds	\$153,512	\$167,406	\$167,406		\$0	\$167,772	\$167,644	(\$128)	(\$128)

Executive Budget Comparison

The legislature adopted the Executive Budget proposal for the Vocational Education Council. There were minor adjustments to the actual amounts proposed in the Executive Budget due to differences in the inflation and deflation factors adopted by the legislature and applied to all state agency budgets.

5100 00 00000

MONTANA UNIVERSITY SYSTEM

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	3,324.46	259.41	(9.75)	3,574.12	263.82	(9.75)	3,578.53	3,578.53
Personal Services	127,613,005	5,408,669	(447,753)	132,573,921	7,716,965	976,096	136,306,066	268,879,987
Operating Expenses	33,928,645	1,060,883	6,556,610	41,546,138	1,136,419	8,197,234	43,262,298	84,808,436
Equipment	4,609,727	245,028	744,738	5,599,493	348,204	956,460	5,914,391	11,513,884
Capital Outlay	31,083	(5,948)	0	25,135	(5,948)	0	25,135	50,270
Local Assistance	75,000	4,000	0	79,000	4,000	0	79,000	158,000
Grants	7,465,067	544,430	0	8,009,497	644,109	0	8,109,176	16,118,673
Benefits and Claims	15,114,709	(15,114,709)	0	0	(15,114,709)	0	0	0
Transfers	3,231,968	478,835	4,373,796	8,084,599	594,607	5,935,167	9,761,742	17,846,341
Debt Service	434,634	(232,551)	0	202,083	(238,014)	0	196,620	398,703
Total Costs	\$192,503,839	(\$7,611,364)	\$11,227,391	\$196,119,866	(\$4,914,368)	\$16,064,957	\$203,654,428	\$399,774,294
<u>Fund Sources</u>								
General Fund	6,478,691	85,614,279	(3,442,426)	88,650,544	88,059,890	(3,061,003)	91,477,578	180,128,122
State/Other Special	0	82,565,963	14,822,206	97,388,169	82,548,506	19,279,033	101,827,539	199,215,708
Federal Special	9,028,506	1,205,036	(152,389)	10,081,153	1,473,878	(153,073)	10,349,311	20,430,464
Proprietary	17,004,465	(17,004,465)	0	0	(17,004,465)	0	0	0
Current Unrestrict.	159,992,177	(159,992,177)	0	0	(159,992,177)	0	0	0
Total Funds	\$192,503,839	(\$7,611,364)	\$11,227,391	\$196,119,866	(\$4,914,368)	\$16,064,957	\$203,654,428	\$399,774,294

Agency Description

The Montana University System (MUS) includes: 1) the Office of the Commissioner of Higher Education (CHE), with a commissioner who is the chief administrative officer of the MUS; and 2) two universities with four-year campuses at Missoula, Bozeman, Butte, Billings, Havre, and Dillon, (six units) and two-year colleges of technology in Missoula, Butte, Billings, Great Falls, and Helena. In addition, three community colleges and five research/public service agencies are attached to the MUS. The CHE and the two universities are budgeted together in a biennial lump sum for the MUS, while the state support for community colleges and the budgets for the research/public service agencies are appropriated separately by year.

Article X, Section 9 of the Montana constitution requires that the Board of Regents appoint the commissioner and prescribe his powers and duties. The commissioner and CHE personnel are responsible for providing leadership, technical assistance, and staff support to the Board of Regents, the universities, and the agencies to enable coordination, consistent regulations and management, evaluation of policies and programs, and long-range planning. The agency: 1) coordinates budgetary planning; 2) distributes funds to all branches of public postsecondary education under its control; 3) administers both state and federal student assistance programs; and 4) manages the MUS Group Insurance program.

Program Descriptions

- 1) CHE Administration - Duties include: a) general administration of the system; b) academic, financial, and legal administration; c) labor relations and personnel administration; and d) student assistance;
- 2) Student Assistance - This program consists of: a) the Western Interstate Commission on Higher Education (WICHE) student exchange program which provides education opportunities for Montana students in the fields of medicine, dentistry, veterinary medicine, optometry, public health, occupational therapy, and podiatry; b) the Washington, Alaska, Montana, Idaho (WAMI) program, a cooperative agreement for medical education; c) the

cooperative dental education agreement with the University of Minnesota; d) the State Student Incentive Grant (SSIG) program which provides grant funds to needy students (50 percent from federal funds and 50 percent matching state funds); e) the Paul Douglas Teacher Scholarship Program, a federally funded scholarship program awarded to full-time students pursuing teaching careers; e) the Perkins Loan fund which provides funds to students matched by the postsecondary institutions; f) the state matching dollars for the federal Supplemental Educational Opportunity Grant (SEOG); and g) the state's share of Montana's Workstudy Program (Title 20, Chapter 25, Part 7, MCA);

- 3) Dwight D. Eisenhower Math and Science Education Act of 1988 - This program provides funds to upgrade the teaching skills of teachers in the mathematics and science disciplines. Grants are awarded to all institutions of higher education within the state on a competitive basis. Priorities for the grants are: a) in-service training for elementary, secondary, and vocational school teachers to improve their teaching skills in the fields of mathematics and science; b) retraining teachers who are currently teaching without proper certification in mathematics and science; c) retraining teachers who are currently teaching in other disciplines so they will specialize in teaching mathematics and science; and d) trainee programs for new teachers who will specialize in mathematics and science;
- 4) Talent Search - This is a federally funded program to provide career and financial aid counseling to students who are either low-income, physically handicapped, or culturally deprived. The program's objectives are to decrease the high school dropout rate in targeted high schools and to increase enrollment of disadvantaged students in Montana's postsecondary institutions;
- 5) C.D. Perkins Administration - The Board of Regents is designated as the sole state agency for Carl D. Perkins Vocational Education Act funds, which support vocational education at the secondary and postsecondary level. Administration of these funds includes provision of technical assistance in the field, grants management, performance reviews, filing of an annual performance report, and the development and submission of a state plan for the use of the funds. The Board of Regents is required by state statute to contract with the Office of Public Instruction for provision of technical assistance and grants management for secondary level sub-grant recipients;
- 6) Guaranteed Student Loan Program (GSLP) - The GSLP processes loan applications, maintains records on student borrowers, warehouses records, collects loan payments, and performs all other necessary functions. This program is to be gradually phased out as the federal government continues to implement its direct lending program;
- 7) Board of Regents - This board has full power, responsibility, and authority to supervise, coordinate, manage, and control the university system. In addition, the board supervises and coordinates other public educational institutions assigned by law;
- 8) Board of Regents Bond Payments - The Board of Regents, as authorized in section 20-16-108, MCA, entered into a contract with the school district in Butte to retire the district's bonded indebtedness when the Butte Vocational Technical Center was assumed by the state. Payments are made through the Department of Administration; and
- 9) Universities - The two Montana universities are: 1) the University of Montana, consisting of the University of Montana at Missoula (UM), Montana Tech of the University of Montana (MTUM) in Butte, Western Montana College of the University of Montana (WMCUM) in Dillon, and three colleges of technology in Butte, Missoula, and Helena; and 2) Montana State University, consisting of Montana State University-Bozeman (MSU), Montana State University - Billings (MSUB), Montana State University - Northern (MSUN) in Havre, and two colleges of technology in Billings and Great Falls. As a result of passage and approval of Senate Bill 156 during the 1995 Legislature, Montana's five colleges of technology are integrated into the university system.

The MUS and its collective campuses are expected to serve approximately 31,000 FTE students each year of the 1997 biennium. The system offers certificates and associate, baccalaureate, masters', and doctorate degrees in fields such as agriculture, architecture, business and management, communications, education, engineering and engineering technology, foreign languages, health services, law, letters, life sciences, mathematics, philosophy and religion,

physical science, psychology, public affairs, social science, and visual and performing arts. Vocational technical training is offered in a variety of disciplines in the major areas of agriculture, health and nursing, office, marketing, home economics, and trade and technical areas.

Summary of Legislative Action

The legislature appropriated a single, biennial lump sum to the Board of Regents for the combined operations of CHE (excluding community colleges), the colleges of technology, and the six university units. This appropriation method differs from that used in the prior biennium when funds were appropriated to CHE by program and as a lump sum to each university unit and vo-tech. The Board of Regents will manage the 1997 biennium appropriation according to board policy by prioritizing needs and providing a proportionate distribution to campuses based on a cost of education study done during the 1995 biennium.

The legislature determined the level of the lump sum by approving the base budget, present law adjustments, and new proposals for all programs and units for each year of the biennium. However, the legislature adjusted the funding by reducing general fund and replacing it with spending authority for tuition in excess of MUS estimates. If the Board of Regents is to receive the additional tuition without raising resident tuition rates beyond those published during the 1995 legislative session, it will have to increase enrollment, non-resident tuition rates, or both.

In other action, the legislature: 1) integrated the colleges of technology into the university system; 2) required that the local 1.5 mill levy for the colleges of technology be deposited in the general fund, with equivalent appropriations from the general fund in fiscal 1997; and 3) moved the MUS Group Insurance program, an internal service fund, off budget along with specified other internal service and proprietary funds.

Funding

The legislature adopted biennial lump sum funding for CHE (except the community colleges), the colleges of technology, and the six units. The community colleges were excluded from the combined appropriation because the legislature did not endorse Senate Bill 396, which would have integrated them into the university system. Funding for community colleges is discussed later in this section.

In addition to lump sum funding, the legislature approved all present law adjustments and executive new proposals. The legislature then reduced general fund and increased tuition by approximately \$7 million for the biennium. Since the legislature gave the Board of Regents the authority to distribute the general fund reduction, the regents may choose to reduce general fund in the colleges of technology, the six units, and/or CHE programs such as administration and state student assistance. The regents may not use restricted federal funds such as Student Assistance, Eisenhower Math Science Act, or Perkins Vocational Educational funds for any other purpose.

1997 Biennium Lump Sum Funding

Table 1 shows the fiscal 1997 FTE employees, appropriated fund types, and total annual funding for CHE programs, colleges of technology, and units included in the lump sum appropriation. The legislature used this method to determine the level of funding, rather than to direct exactly how the funds should be spent. System-wide general fund reductions and tuition increases enacted by the legislature are included in un-allocated lump sums, as shown by the last two entries in the CHE budget. The budgets are then totalled into an appropriation displayed by year as a biennial appropriation in HB 2. The last entry in Table 1 shows the total biennial lump-sum appropriation of \$399.8 million approved by the legislature. These funds, except the designated federal funds, may be distributed throughout the CHE and campuses by the Board of Regents, without regard to the funding by program or campus used to calculate the lump sum.

Table 1
Montana University System Lump Sum Funding - 1997 Biennium
Funding by Program & Campus Used to Arrive at Lump Sum

Agency/Unit	FY1997 FTE***	Fiscal 1996			Fiscal 1997		
		General Fund	Tuition/Other Federal/Mills*	Total Budget	General Fund	Tuition/Other Federal/Mills*	Total Budget
Commissioner of Higher Ed**							
Administration	15.40	\$1,086,494		\$1,086,494	\$1,070,025		\$1,070,025
Student Assistance							
WICHE		1,349,866		1,349,866	1,230,133		1,230,133
Minnesota Dentistry		83,400		83,400	85,800		85,800
WAMI		2,391,780		2,391,780	2,519,700		2,519,700
SSIG		220,000		220,000	440,000		440,000
Perkins Loans		270,000		270,000	270,000		270,000
SEOG		390,000		390,000	390,000		390,000
State Work Study		653,008		653,008	666,153		666,153
Paul Douglas		0		85,000	85,000	0	85,000
Subtotal		\$5,358,054		\$305,000	\$5,663,054	\$5,381,786	\$305,000
DDE Math/Science Ed				318,169	318,169		326,123
Talent Search	10.95	87,438		438,637	526,075	87,086	439,523
C.D.Perkins	3.00	80,000		5,762,863	5,842,863	80,000	5,947,440
Guaranteed Student Loan	43.20			3,256,484	3,256,484		3,331,225
Board of Regents		139,160		139,160	133,727		133,727
B/R New Proposals		1,394,738	5,616,017	7,010,755	1,796,460	8,622,291	10,418,751
Legislative Adjustment	0.00	(3,375,000)	9,206,189	0	5,831,189	(3,375,000)	10,656,742
Total	72.55	\$4,770,884	\$14,822,206	\$10,081,153	\$29,674,243	\$5,174,084	\$10,349,311
Colleges of Technology							
Billings	42.17	\$1,247,385	\$633,062	\$366,699	\$2,247,146	\$1,634,773	\$661,685
Butte	33.51	1,142,442	552,441	90,910	1,785,793	1,252,466	603,608
Great Falls	55.25	1,700,884	1,066,637	175,306	2,942,827	1,944,341	1,174,276
Helena	50.55	1,788,236	797,576	128,029	2,713,841	1,996,854	895,675
Missoula	63.14	2,157,179	928,313	236,796	3,322,288	2,482,828	1,013,140
Total	244.62	\$8,036,126	\$3,978,029	\$997,740	\$13,011,895	\$9,311,262	\$4,348,384
University Units							
UM-Missoula	1,074.64	\$22,702,867	\$24,495,952	\$5,051,589	\$52,250,408	\$23,025,796	\$24,772,287
MSU-Billings	1,326.54	28,784,924	23,645,533	5,056,436	57,486,893	29,435,796	23,802,135
MT Tech-UM	217.07	7,015,835	3,751,296	877,449	11,644,580	7,065,487	3,781,668
MSU-Billings	342.04	8,937,399	6,225,963	1,672,320	16,835,682	9,000,361	6,439,591
MSU-Northern	187.06	5,196,646	3,290,893	891,299	9,378,838	5,225,016	3,357,392
WMCUM-Dillon	114.01	3,205,863	2,112,559	518,905	5,837,327	3,239,776	2,193,787
Total	3,261.36	\$75,843,534	\$63,522,196	\$14,067,998	\$153,433,728	\$76,992,232	\$64,346,860
Total CHE/Techs/Units	3,578.53	\$88,650,544	\$82,322,431	\$25,146,891	\$196,119,866	\$91,477,578	\$87,974,277
Total Biennial Lump Sum		\$180,128,122	\$170,296,708	\$49,349,464	\$399,774,294		

* Federal funds in CHE, Millage in all Units & Techs

** Does not include MUS Group Insurance Program. This program was taken off budget as a result of the passage of HB576, which eliminated the requirement that proprietary funds be appropriated

***CHE FTE from PPP and Units and Vo-tech FTE from RERS as provided by the Office of Budget & Program Planning.

The legislature did not approve an FTE level as legislative intent, leaving the Regents the flexibility to manage the lump sum and hire FTE.

Commissioner of Higher Education - The CHE components of the lump sum level are administration, student assistance, federal programs (with or without a general fund match), new proposals, and legislative adjustments, as shown in Table 1 and discussed below.

While general fund supports administration and in-state student aid, the major general fund expenditure in CHE is the interstate student assistance program, composed of WICHE, Minnesota Dentistry, and WAMI. As shown in Table 2, this component of the lump sum was determined by multiplying costs per student slot by the numbers of new and

continuing students estimated for each year of the biennium. The resulting \$7.7 million for the biennium is sufficient to provide assistance to 39 new students each year and 121 continuing students in fiscal 1996 and 113 in fiscal 1997, distributed among the professions as shown. However, because the legislature included these programs in the lump sum, the Board of Regents has complete authority to increase or decrease the numbers of student slots available in all professions.

Table 2
Interstate Student Assistance Programs
1997 Biennium

Program	Cost per Slot	Fiscal 1996			Total Cost	Cost per Slot	Fiscal 1997			Total Cost		
		New Students	Cost	Continuing Students			New Students	Cost	Continuing Students			
WICHE												
Administrative Dues					\$79,000					\$79,000		
Student Assistance												
Medicine	\$22,800	5	\$114,000	16	\$364,800	\$478,800	\$22,800	5	\$114,000	15	\$342,000	\$456,000
Dentistry	13,900	1	13,900	5	69,500	83,400	14,300	1	14,300	4	57,200	71,500
Optometry	8,200	1	8,200	5	41,000	49,200	8,400	1	8,400	4	33,600	42,000
Public Health*	4,700	1	4,700	2	6,266	10,966	4,900	1	4,900	1	4,900	9,800
Osteopathic Medicine	12,300	2	24,600	5	61,500	86,100	12,600	2	25,200	4	50,400	75,600
Veterinary	19,300	5	96,500	23	443,900	540,400	19,900	5	99,500	18	358,200	457,700
Occupational Therapy*	5,000	1	5,000	0	0	5,000	5,200	1	5,200	1	6,933	12,133
Podiatry	8,500	1	8,500	1	8,500	17,000	8,800	1	8,800	2	17,600	26,400
Subtotal		17	\$275,400	57	\$995,466	\$1,349,866		17	\$280,300	49	\$870,833	\$1,230,133
Minnesota Dentistry	13,900	2	27,800	4	55,600	83,400	14,300	2	28,600	4	57,200	85,800
WAMI Medicine	39,863	20	0	60	2,391,780	2,391,780	41,995	20	0	60	2,519,700	2,519,700
Total		39	\$303,200	121	\$3,442,846	\$3,825,046		39	\$308,900	113	\$3,447,733	\$3,835,633

* Continuing students at \$3,133 in fiscal 1996

Federal funds of approximately \$10 million per year are appropriated to the Board of Regents and managed by CHE. These funds must be used for Student Assistance, DDE Math/Science Ed Act, Talent Search, C.D. Perkins, and the Guaranteed Student Loan programs and may not be directed to other uses. Of these, Student Assistance, Talent Search, and C.D. Perkins require general fund matches (shown in Table 1).

The CHE lump sum appropriation also includes new proposals funded by: 1) general fund of \$1.4 million in fiscal 1996 and \$1.8 million in fiscal 1997 for system needs; and 2) other funds of \$5.6 million in fiscal 1996 and \$8.6 million in fiscal 1997. These funds may be used throughout the university system. As discussed in the "New Proposals" section, \$4.4 million in fiscal 1996 and \$5.9 million in fiscal 1997 are additional non-resident tuition revenues generated by an estimated change in the non-resident student population. The remaining \$1.2 million in fiscal 1996 and \$2.7 million in fiscal 1997 are estimated revenues resulting from an increase in tuition rates that will be used to finance the University Teacher's Union (UTU) agreement at UM.

The legislature approved adjustments to be allocated by the Board of Regents that reduce general fund by \$3.4 million each year and increase tuition by \$9.2 million in fiscal 1996 and \$10.7 million in fiscal 1997. In addition to reducing general fund and replacing it with tuition, the legislature added spending authority for tuition to allow the MUS to: 1) increase tuition rates to pay for UTU-type agreements at all units; 2) spend un-anticipated non-resident tuition resulting from conversion of WUE student slots to full non-resident slots at MSU; and 3) enroll more non-resident students, increase non-resident tuition, or both (see "Executive Budget Comparison" section).

Colleges of Technology and Six Units - Funds other than general fund at the colleges of technology and the six units are primarily: 1) \$4 million from tuition each year and \$1.0 million from a 1.5 mill county-wide tax in fiscal 1996 for the colleges of technology; and 2) approximately \$64 million from tuition and \$14 million from a 6.0 mill state-wide tax for the six units each year. Beginning in fiscal 1997, the 1.5 mill local property tax for the colleges of technology will be deposited in the general fund, and appropriations will be made from the general fund (see "Other Legislation" section, SB 156).

1997 Biennium Program Funding

Tables 3 and 4 detail the program funding by year for each campus in the university system. The amounts shown in the tables represent the program funding used to calculate the lump sum funding for the MUS. The Board of Regents is free to allocate the lump sum and manage the programs as it sees fit. In addition to appropriations shown in Tables 3 and 4, appropriations to the Board of Regents for new proposals and funding switches will also be allocated to the campuses. Table 3 provides the program funding for the colleges of technology used to calculate the lump sum appropriated for the MUS.

Table 3
Program Funding - Colleges of Technology
Fiscal 1996 and 1997

Fund	System Total	Billings	Butte	Great Falls	Helena	Missoula
Fiscal 1996						
Instruction	\$7,986,228	\$1,400,175	\$1,053,987	\$1,868,524	\$1,623,684	\$2,039,858
Academic Support	950,618	167,180	58,472	286,571	256,559	181,836
Student Services	1,293,634	228,003	201,132	227,291	270,634	366,574
Institutional Support	1,237,762	213,553	198,070	249,044	224,203	352,892
Plant O & M	1,543,653	238,235	274,132	311,397	338,761	381,128
Total	\$13,011,895	\$2,247,146	\$1,785,793	\$2,942,827	\$2,713,841	\$3,322,288
Fiscal 1997						
Instruction	\$8,694,886	\$1,465,864	\$1,143,719	\$2,055,145	\$1,816,861	\$2,213,297
Academic Support	952,816	167,744	58,607	287,016	257,039	182,410
Student Services	1,348,495	232,393	209,067	242,444	285,130	379,461
Institutional Support	1,092,944	187,227	167,516	219,802	191,196	327,203
Plant O & M	1,562,765	243,230	277,165	314,210	342,303	385,857
Total	\$13,651,906	\$2,296,458	\$1,856,074	\$3,118,617	\$2,892,529	\$3,488,228

Table 4 provides the program funding for the six units used to calculate the lump sum appropriated for the MUS.

Table 4
Program Funding - Six University Units
Fiscal 1996 and 1997

Fund	System Total	UM-Missoula	MSU-Bozeman	MTTech-UM	MSU-Billings	MSU-Northern	WMCUM
Fiscal 1996							
Instruction	\$83,146,462	\$27,998,859	\$32,498,582	\$6,432,398	\$8,382,647	\$4,766,056	\$3,067,920
Research	1,666,164	916,662	705,841	43,661			
Public Service	1,223,075	409,763	492,159		321,153		
Academic Support	16,913,314	6,643,892	6,578,751	915,131	1,720,208	758,243	297,089
Student Services	13,287,506	4,131,979	4,485,140	1,385,398	1,545,568	1,027,859	711,562
Institutional Support	11,817,313	3,844,067	3,510,232	755,421	1,939,601	957,571	810,421
Plant O & M	19,625,312	6,345,751	7,120,798	1,785,229	2,295,092	1,346,983	731,459
Scholarships/Fellowships	5,754,582	1,959,435	2,095,390	327,342	631,413	522,126	218,876
Total	\$153,433,728	\$52,250,408	\$57,486,893	\$11,644,580	\$16,835,682	\$9,378,838	\$5,837,327
Fiscal 1997							
Instruction	\$84,323,124	\$28,328,039	\$32,800,995	\$6,510,538	\$8,638,918	\$4,851,809	\$3,192,825
Research	1,668,339	918,323	706,231	43,785			
Public Service	1,224,493	410,336	493,170		320,987		
Academic Support	17,028,379	6,693,989	6,631,476	917,473	1,726,828	759,992	298,621
Student Services	13,382,797	4,156,966	4,509,018	1,391,561	1,567,342	1,035,857	722,053
Institutional Support	11,432,285	3,729,715	3,448,209	709,033	1,857,581	921,404	766,343
Plant O & M	20,305,867	6,556,144	7,521,355	1,809,247	2,322,779	1,358,736	737,606
Scholarships/Fellowships	5,834,810	1,981,831	2,109,511	330,057	653,231	532,795	227,385
Total	\$155,200,094	\$52,775,343	\$58,219,965	\$11,711,694	\$17,087,666	\$9,460,593	\$5,944,833

Historical Funding

Table 5 shows the funding for the six units and the colleges of technology from fiscal 1988 through fiscal 1997 (including estimated pay plan in the 1997 biennium). In that time period, state funding (combined general fund and millage) has been reduced from three-fourths to approximately one-half of the total funding, with most of that reduction occurring since fiscal 1992.

Since fiscal 1992, when residents and non-residents were first recorded separately, state funding per combined FTE in the six units and the colleges of technology declined from over \$4,700 per year to approximately \$4,000. While state funding per student was declining, total funds per FTE increased from approximately \$4,700 in fiscal 1988 to over \$6,000 in fiscal 1997. All of the increases in total funds, as well as the reduction in state contributions, were borne by the students in the form of increased tuition.

Table 5
Funding - Six Units & Colleges of Technology
Fiscal Year 1988 through Fiscal Year 1997

	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995(1)	FY 1996(1)	FY 1997(1)
Funding										
General Fund	\$78,746,396	\$78,518,956	\$84,050,908	\$90,512,692	\$101,369,094	\$95,367,156	\$86,384,082	\$85,433,384	\$83,763,386	\$88,268,881
Mill Levy	13,664,491	13,714,294	12,837,000	13,502,239	12,852,000	14,744,261	17,848,531	13,957,022	15,065,738	13,851,252
Tuition & Fees(2)	27,645,667	28,678,053	34,527,231	35,608,227	41,294,879	54,641,916	60,053,111	59,557,647	82,840,935	89,860,818
Other(3)	3,753,882	3,812,898	2,940,179	1,223,472	773,938	779,084	821,731	824,865	837,734	837,734
Total Units(4)	\$123,810,436	\$124,724,201	\$134,355,318	\$140,846,630	\$166,289,915	\$165,532,417	\$165,107,555	\$169,872,758	\$182,507,799	\$192,819,595
GF+Mills as % of Total	74.64%	73.95%	72.11%	73.85%	73.08%	66.52%	53.13%	58.51%	54.15%	52.96%
GF+Mills/Resident FTE(5)					\$4,727	\$4,521	\$4,360	\$4,220	\$3,992	\$4,018
Tot. Funds per Tot. FTE	\$4,584	\$4,536	\$4,824	\$5,001	\$5,414	\$5,528	\$5,547	\$5,690	\$5,898	\$6,087
Biennial \$ Increase in Total Funding				\$25,667,311		\$46,820,385		\$13,157,980		\$40,347,181
Biennial % Increase in Total Funding				10.73%		16.94%		4.09%		12.04%

(1) Appropriated - FY 95 includes budget amendments but does not include funds carried over from fiscal 1994 - HB2 FY96 & 97 funding is a biennial lump sum
(2) Includes Scholarships & Fellowships in all years
(3) FY88-91 do not include Perkins vo-ed funds which were moved to a designated fund in later years. However, in the 1993 biennium \$670,000 each year was offset with general fund. Therefore, funds per student in FY88 through FY91 are slightly understated relative to subsequent biennia.
(4) 1997 biennium includes estimated pay plan - general fund of \$1,863,990 in FY96 and \$3,543,927 in FY97; and tuition of \$1,356,242 in FY96 and \$2,723,275 in FY97
(5) FY88 through FY91 FTE include resident & non-resident FTE - therefore \$ per resident not calculated for those years

Biennial changes in total funds varied from a \$13.2 million increase in the 1995 biennium to a \$46.6 million increase in the 1993 biennium. While the legislature appropriated \$40.3 million or 12 percent more total funds in the 1997 biennium than in the 1995 biennium, nearly all of the increase was tuition. General fund appropriations in the 1997 biennium were \$0.2 million higher than in the 1995 biennium, while mill levy appropriations were \$2.9 million lower in the same period (primarily due to appropriation of the fund balance in the 1995 biennium).

Enrollment

Enrollment in the six units and the colleges of technology increased from 26,433 in fiscal 1988 to an estimated 31,675 in fiscal 1997, as shown in Table 6. In that time period, the resident enrollment averaged just over 80 percent of total enrollment.

Universities/Vo-techs	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	---Estimated---	
									FY 1996	FY 1997
Resident FTE*										
UM-Missoula	8,616	8,965	9,630	9,891	8,484	8,023	7,912	7,755	8,132	8,367
MSU-Bozeman	9,760	9,896	10,134	10,058	8,063	8,168	8,196	8,141	8,473	8,630
UM-MT Tech	1,977	1,901	1,874	1,923	1,757	1,768	1,811	1,688	1,899	1,955
MSU-Billings	3,701	3,640	3,780	3,805	3,380	3,465	3,471	3,424	3,552	3,678
MSU-Northern	1,551	1,548	1,581	1,571	1,601	1,524	1,606	1,581	1,672	1,710
UM-Dillon	828	954	854	915	878	881	912	962	1,031	1,078
Subtotal	26,433	26,904	27,853	28,163	24,163	23,829	23,908	23,551	24,759	25,418
Non Resident/WUE										
UM-Missoula					2,076	2,570	2,748	3,043	3,033	3,084
MSU-Bozeman					1,998	2,334	2,427	2,550	2,415	2,372
UM-MT Tech					250	285	298	293	309	314
MSU Billings					213	229	223	241	232	242
MSU-Northern					72	79	69	74	107	125
UM-Dillon					96	88	94	103	90	120
Subtotal					4,705	5,585	5,859	6,304	6,186	6,257
Total FTE	26,433	26,904	27,853	28,163	28,868	29,414	29,767	29,855	30,945	31,675
Resident/Total FTE%					83.70%	81.01%	80.32%	78.88%	80.01%	80.25%

* FY88 through FY91 FTE include resident & non-resident FTE

The 1995 legislature added language to HB 2 stating that resident FTE students were to comprise at least 78 percent of the total enrollment. The language was added to address the concern that the MUS could enroll non-resident FTE at the expense of resident FTE in order to generate additional tuition. If 1997 biennium actual enrollment is approximately equal to the current estimates, the MUS could comply with the language and still enroll approximately 800 more than the 6,186 non-resident FTE students estimated in fiscal 1996 and 900 more than the 6,257 estimated in fiscal 1997.

Present Law Adjustments

- 1) **Personal Services** - As part of its statewide adjustments, the legislature approved present law personal services increases of \$2.3 million in fiscal 1996 and \$2.7 million in fiscal 1997. These increases are primarily the result of: a) continuation of the fiscal 1995 pay plan; and b) vacancy savings experienced in fiscal 1994. The FTE and personal services increases shown in the main table include the above adjustments, as well as FTE and personal services increases due primarily to present law enrollment adjustments discussed below.

Present Law Adjustments			
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997	
Statewide Present Law Adjustments			
1 Personal Services	\$2,342,772	\$2,678,722	
2 Inflation/Deflation	544,120	750,341	
3 Fixed Costs	307,393	(192,537)	
Other Present Law Adjustments			
4 Local Assistance/Grants	1,144,020	1,359,471	
5 MUS Group Insurance - HB 576	(16,858,210)	(16,858,210)	
6 Enrollment Adjustments	3,238,900	5,211,274	
7 Operation/Maintenance-New Buildings	518,307	910,035	
8 Miscellaneous Adjustments	1,213,424	1,288,654	
9 Worker's Comp. Reduction - SB 156	(62,090)	(62,118)	
10 SB 156 Funding Switch - General Fund		1,024,000	
11 SB 156 Funding Switch - Millage		(1,024,000)	
Total Present Law Adjustments	(\$7,611,364)	(\$4,914,368)	

assistance; 2) \$33,103 in fiscal 1996 and \$41,057 in fiscal 1997 for the Math and Science Education Act; and 3) \$764,950 in fiscal 1996 and \$948,715 in fiscal 1997 for Perkins vocational education.

5) MUS Group Insurance - HB 576 - The Board of Regents provides faculty and staff throughout the university system with group benefits through the MUS Group Insurance Program. The CHE administers the program as a self-insured, group insurance plan, which offers medical, dental, vision, group life insurance, and long-term disability benefits to employees, retirees, and eligible dependents.

All proprietary funding for the group insurance program was taken off budget as a result of the passage of HB 576 which eliminates the requirement that some proprietary funds be appropriated by the legislature. The action resulted in present law reductions of \$16.9 million each year and total reductions from the Executive Budget (including present law increases of \$1.8 million in fiscal 1996 and \$2.6 million in fiscal 1997) of approximately \$19 million each year of the biennium. The program is supported through monthly insurance premiums paid by the state and the employees. The anticipated insurance rates are \$2,760 per FTE each year of the 1997 biennium.

6) Enrollment Adjustments - The legislature increased FTE employees, personal services, and operating expenses to provide for resident enrollment increases in the university system. These adjustments, funded primarily by general fund and tuition, total \$3.2 million in fiscal 1996 and \$5.2 million in fiscal 1997.

The enrollment adjustments were calculated by: a) multiplying the increases in the resident enrollment by fiscal 1994 adjusted average personal services costs in instruction and student services; and b) adding fee waiver increases to reflect increased tuition. This calculation method adds \$4,204 in fiscal 1996 and \$3,697 in fiscal 1997 for each new student at the six units and over \$2,840 per year for each new student at the colleges of technology.

7) Operation and Maintenance of New Buildings - The legislature appropriated general fund and tuition of \$0.5 million in fiscal 1996 and \$0.9 million in fiscal 1997 for occupancy of new buildings at UM and MSU (approved by the 1991 legislature). The appropriation for maintenance and operation includes: a) \$201,084 in fiscal 1996 and \$340,600 in fiscal 1997 for the UM business building; and b) \$317,223 in fiscal 1996 and \$569,435 in fiscal 1997 for the MSU engineering building.

2) Inflation/Deflation - Inflationary increases of \$0.1 million in fiscal 1996 and \$0.8 million in fiscal 1997 result primarily from net increases in utilities laboratory testing, books, supplies, communications and travel.

3) Fixed Costs - Warrant writing, payroll services computer fees, messenger services, and biennial audit fees increase by \$0.3 million in fiscal 1996. Fixed costs decrease by \$0.2 million in fiscal 1997 because net increases are offset by the absence of an audit appropriation.

4) Local Assistance/Grants/Transfers - The legislature increased local assistance, grants, and transfers by \$1.1 million in fiscal 1996 and \$1.4 million in fiscal 1997. The adjustments include general fund of \$296,695 in fiscal 1996 and \$320,427 in fiscal 1997 for student assistance and federal funds of: 1) \$49,272 each year for student

8) Miscellaneous Adjustments - The legislature approved miscellaneous adjustments of over \$1.2 million each year for: a) the net of increases in utilities, repair, maintenance and other miscellaneous expenses, and decreases in consulting services, capital outlay, and debt service in the six units; and b) additional bad debts and collection expenses in the guaranteed student loan program.

9) Worker's Compensation Reduction - SB 156 - Senate Bill 156 integrates the colleges of technology into the university system and eliminates the requirement that colleges of technology pay worker's compensation for students, resulting in general fund reductions of over \$62,000 each year.

10 & 11) SB 156 Funding Switch - Senate Bill 156 requires each county in which a college of technology is located to levy 1.5 mills and deposit the proceeds in the state general fund, rather than in the state special revenue fund where collections were deposited in prior years. An amount equal to the millage is then appropriated from the general fund for the colleges of technology. This action increases general fund and decreases state special revenue by \$1.0 million, beginning in fiscal 1997.

New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Legislative Adjustment		(\$3,375,000)	\$5,831,189		(\$3,375,000)	\$7,281,742
2 Additional Grant Money			75,421			75,492
3 Personal Services Reductions	(9.75)	(1,462,164)	(1,689,974)	(9.75)	(1,482,463)	(1,711,028)
4 Quality Pool			4,373,796			5,935,167
5 System Needs		1,394,738	1,394,738		1,796,460	1,796,460
6 UTU Agreement			1,242,221			2,687,124
Totals	(9.75)	(\$3,442,426)	\$11,227,391	(9.75)	(\$3,061,003)	\$16,064,957

New Proposals

The legislature approved six new proposals for the university system as part of a lump sum appropriation for CHE, the six units, and the colleges of technology, as discussed below.

1) Legislative Adjustment - After approving all present law adjustments and new proposals for the university system (excluding community colleges and the agencies), the legislature reduced general fund by \$6.75 million and increased tuition by \$19.9 million for net biennial appropriations of \$180.13 million general fund and \$168.6 million tuition. The adjustments include increased tuition of: a) \$4.2 million for the biennium from the conversion of Western University Exchange (WUE) students at MSU to full non-resident status; and b) \$8.5 million for UTU-type agreements at all units except UM. Instead of specifying where the adjustments should be applied, the legislature included these appropriations in the lump sum. The adjusted total appropriation is approximately equal to that requested by the MUS and the revised Executive Budget, but general fund was reduced and replaced with tuition (see Executive Budget Comparison).

The MUS estimated that, under rates adopted at the May, 1995 Board of Regents meeting, the system would receive tuition of \$161.9 million for the biennium. Although the estimate is \$6.7 million less than the appropriation, the Board of Regents indicated it did not plan to raise resident tuition rates for the 1997 biennium above those adopted in May, 1995. Therefore, if the MUS is to receive the additional \$6.7 million, it will have to: a) register more students

than estimated, particularly non-residents; and/or b) increase non-resident tuition rates above those adopted in May, 1995.

2) Additional Grant Money for the Talent Search Program - The legislature included \$75,421 in fiscal 1996 and \$75,492 in fiscal 1997 for increased operating costs in the Talent Search Program, resulting in a federal funds total of approximately \$439,000 each year of the biennium. The program expended total federal funds of \$378,291 in fiscal 1994 and received a grant of \$389,570 in fiscal 1995.

3) Personal Services Reductions - The legislature approved the executive proposals for personal services reductions in CHE and at the six units and colleges of technology, which totalled nearly \$1.5 million general fund and \$0.2 million other funds each year of the biennium. Reductions in CHE totalled 9.75 FTE and approximately \$269,999 (\$40,000 general fund) each year, while vacancy savings assigned to the campuses totalled approximately \$1.4 million general fund each year. These reductions are intended to reduce personal services to help pay for pay plan increases in the MUS appropriated in HB 17.

4) Quality Pool - The legislature included additional non-resident tuition of \$4.4 million and \$5.9 million in fiscal 1996 and 1997, respectively. This revenue will be generated primarily by increased numbers of non-resident students and the conversion of WUE students to full non-resident status.

WUE students are those non-residents who attend a unit of the MUS at a reduced tuition rate. WUE students pay 150 percent of resident tuition (\$2,322 at UM in fiscal 1995), rather than the non-resident cost (\$5,524 at UM in fiscal 1995) for 14-18 credits per semester. The MUS had 2,113 WUE students enrolled in fiscal 1994. Under directive from the Board of Regents, the MUS is reducing the number of WUE students enrolled (current WUE students retain that status and will pay the reduced cost). The legislature assumed that at least some of the students who would have enrolled as WUE students will enroll as non-residents and pay the higher cost. (Note: In addition to the increased tuition from WUE included in the Quality Pool, the legislature included \$4.2 million additional tuition in the Legislative Adjustment discussed above for previously unanticipated WUE conversion at MSU.)

The increased funds in the Quality Pool will be allocated by the Board of Regents to enhance programs on the campuses. The legislature anticipates increased revenue of: a) \$3.6 million in fiscal 1996 and \$4.1 million in fiscal 1997 will be generated at UM-Missoula; b) \$0.3 million in fiscal 1996 and \$0.7 million in fiscal 1997 will be generated at MSU; and c) \$0.5 million in fiscal 1996 and \$1.1 million in fiscal 1997 will be generated by the other university units and the colleges of technology. Assuming that UM contributes over 80 percent of those funds, it will receive a large share of the funds for quality enhancement.

5) System Needs - The legislature included general fund of \$1.4 million in fiscal 1996 and \$1.8 million in fiscal 1997 to provide for campus needs in excess of the present law base budget. These funds include funding for: a) Summit Net, a computer network; b) building and grounds maintenance; c) additional library books; d) equipment; and e) occupational health and hazardous materials handling. The latter category includes radiation detection equipment, gas analyzers, etc., as well as funding for hazardous waste disposal.

6) UTU Agreement - UM is one of the university campuses with unionized faculty. In fiscal 1994, the UTU entered into discussion to construct an agreement whereby faculty salaries would be increased, while at the same time providing for increases in productivity and quality. The UTU agreement at UM-Missoula envisions using up to a 6.5 percent increase in tuition rates to generate \$1.2 million in fiscal 1996 and \$2.7 million in fiscal 1997 to pay for quality program improvements, including: a) increased library acquisitions and equipment; b) generally guaranteed graduation in four years; c) increased productivity resulting in reduced administration; and d) increases in instructor salaries above the general pay plan amounts. Agreements made at the other units, if any, will be funded by \$8.5 million additional tuition appropriated by the legislature in the Legislative Adjustment new proposal discussed above.

Language

"Included in state special revenue appropriations in item 1 [Board of Regents] is \$990,000 in fiscal year 1996 from revenue generated under the provisions of 20-16-202, which requires each county in which a college of technology is located to levy an annual tax of 1.5 mills on all taxable property within the county. Revenue received by the university system under the provisions of 20-16-202 that exceeds \$990,000 in fiscal year 1996 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-16-202 is less than \$990,000 in fiscal year 1996, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation."

"Included in state special revenue appropriations in item 1 [Board of Regents] is \$14,089,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 from revenue generated under the provisions of 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds \$14,089,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-25-423 is less than \$14,089,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation."

"Item 1 [Board of Regents] includes \$114,000 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvement through the state building energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$73,500; Montana state university-northern, \$36,900; and Montana state university-Billings, \$3,600."

"Total audit costs are estimated to be \$733,121 for the university system for the biennium. Each unit shall pay a percentage of these costs from funds other than those appropriated in item 1 [Board of Regents]."

"If Senate Bill No. 412 is not passed and approved, in item 1 [Board of Regents] general fund money is increased by \$592,000 and state special revenue is decreased by a like amount in fiscal year 1996." (Senate Bill No. 412 was passed and approved.)

"It is the intent of the legislature that the Montana University System student FTE at the six units and colleges of technology be comprised of at least 78% qualified resident students. Not more than 22% of student FTE may be qualified nonresident students."

"The Montana university system is urged to make every possible effort to review all graduate level programs in the Montana university system and to eliminate unnecessary duplication in those programs, when possible, by September 1, 1996. The board of regents shall report to the 1997 legislature on the accomplishment of this request."

"Any indirect cost reimbursements received by the office of the commissioner of higher education in excess of \$22,204 in each year of the biennium as a result of an increase in the federal talent search grant requires a reversion of a like amount to the general fund."

"University system units are defined in 17-7-102(16). For all university system units, except the office of the commissioner of higher education, all funds (other than plant funds appropriated in [long-range planning bill] relating to long-range building, and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the board of regents by October 1 of each year. For all university system units except the community colleges, the agricultural experiment station, the forest and conservation experiment station,

the cooperative extension service, the bureau of mines and geology, and the fire services training school, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium, contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Requests for transfer and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst prior to approval by the board of regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system."

"All university system units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classifications structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency."

"The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide electronically to the office of budget and program planning and to the legislative fiscal analyst: (1) on January 1 and at fiscal yearend, the actual personal services data, which must tie to the actual expenditures as recorded on SBAS; and (2) by November 1 and at fiscal yearend, the budgeted personal services data, which must tie to the operating plan for expenditure of funds appropriated in [this act] and in the pay plan as approved by the regents. The personal services data described in subsections (1) and (2) must include but is not limited to the following for each position number: program number, responsibility center, budgeted and actual salary and benefits, fund type, and FTE position title and position type."

Other Legislation

House Bills 5, 6, 7, 9, 10, 12, 15, 603 - These bills provide the MUS with: a) over \$27 million in long range building program, federal, private, and other funds, and \$15.7 million general obligation bonded debt for new buildings or renovation; b) \$14.1 million private and auxiliary funds spending authority for renovation and improvements; and c) miscellaneous other projects funded from sources such as reclamation and development and renewable resource grants, cultural and aesthetic grants, and oil overcharge funds. For additional information, see the Long Range Planning section of this report.

House Bill 104 - This bill makes permanent a provision allowing the Board of Regents to retain unspent appropriations in an account for major and deferred maintenance expenditures, equipment, or fixed assets purchases. The funds in the account are statutorily appropriated for specified purposes in accordance with a long term plan (expenditures from this account were \$431,434 in fiscal 1993 and \$311,406 in fiscal 1994). The provision was first enacted by the July 1992 Special Session as a temporary measure expiring on June 30, 1996.

House Bill 229 - This bill submits to the voters of Montana a constitutional amendment to replace the Board of Education, the Board of Regents, and the Commissioner of Higher Education with a Department of Education and a State Education Commission. If the measure is passed and approved, the governor may create a Department of Education and the State Education Commission immediately to exercise statutorily assigned duties. The Board of Regents and the Commissioner of Higher Education will continue to perform duties that were constitutionally assigned until January 1, 2001.

House Bill 352 - This bill prohibits units of the MUS from transferring certain funds or property to a non-profit corporation or foundation established for the benefit of a unit of the university system unless: 1) full market value is received for the transfer; and 2) laws applicable to the disposition of property are followed.

House Bill 544 - This bill appropriates \$1.4 million general fund to the Board of Regents for the biennium to provide financial assistance to the seven Montana tribally controlled community colleges for enrolled nonbeneficiary members. The distribution to any student is limited to a maximum of \$1,500 each year per FTE student. Prior to receiving funds from this appropriation, each tribal college shall: 1) grant fee waivers to resident nonbeneficiary students in the same percentage as the number of Indian students who are receiving fee waivers to attend a unit of the university system bears to the total enrollment in the MUS; and 2) subtract the costs of nonbeneficiary fee waivers granted from the total amount of prorated money to be distributed.

House Bill 576 - This bill revises the types of funds subject to appropriation and moves many enterprise and internal service funds off budget. As a result, proprietary funds of approximately \$19 million each year for the MUS group insurance program were taken off budget for the 1997 biennium.

Senate Bill 76 - This bill extends the operation of the Joint Committee on Postsecondary Education Policy and Budget (PEPB) until July 1, 1997. The legislature appropriated general fund of \$14,800 for the biennium to the Office of the Legislative Fiscal Analyst for continuing operations of the PEPB. As in the 1995 biennium, the committee will be composed of eight legislators, one student, one representative of the Governor's office, and two members of the Board of Regents. The committee is to provide information to the Board of Regents and report to the legislature concerning any area that the committee considers to have significant educational or fiscal policy impact. In addition, it is to encourage cooperation among the legislative and executive branches and the Board of Regents.

Senate Bill 156 - This bill restructures the university system by: a) incorporating the vo-techs into the system; b) removing the requirement that vocational-technical centers pay workers' compensation insurance for their students; and c) requiring that the five counties levying 1.5 mills for vocational-technical education remit those funds to the state general fund for legislative appropriation.

Senate Bill 412 - This bill revises the taxation of oil and natural gas. One result of this legislation is that tax collections will be accelerated in fiscal 1996, resulting in a one-time revenue increase of \$592,000 for the university system. The legislature appropriated the \$592,000 to offset fiscal 1996 general fund appropriations to the MUS in HB 2.

MONTANA UNIVERSITY SYSTEM Agency Summary										EXECUTIVE BUDGET COMPARISON			
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97					
FTE	3,324.46	3,577.77	3,574.12	(3.65)	3,582.18	3,578.53	(3.65)	(3.65)					
Personal Services	127,613,005	132,759,176	132,573,921	(185,255)	136,491,793	136,306,066	(185,727)	(370,982)					
Operating Expenses	33,928,645	37,391,999	41,546,138	4,154,139	37,732,473	43,262,298	5,529,825	9,683,964					
Equipment	4,609,727	5,600,693	5,599,493	(1,200)	5,915,591	5,914,391	(1,200)	(2,400)					
Capital Outlay	31,083	25,135	25,135	0	25,135	25,135	0	0					
Local Assistance	75,000	79,000	79,000	0	79,000	79,000	0	0					
Grants	7,465,067	8,009,497	8,009,497	0	8,109,176	8,109,176	0	0					
Benefits and Claims	15,114,709	16,929,444	0	(16,929,444)	17,691,280	0	(17,691,280)	(34,620,724)					
Transfers	3,231,968	8,084,599	8,084,599	0	9,761,742	9,761,742	0	0					
Debt Service	434,634	202,083	202,083	0	196,620	196,620	0	0					
Total Costs	\$192,503,839	\$209,081,626	\$196,119,866	(\$12,961,760)	\$216,002,810	\$203,654,428	(\$12,348,382)	(\$25,310,142)					
<u>Fund Sources</u>													
General Fund	6,478,691	92,517,690	88,650,544	(3,867,146)	93,790,597	91,477,578	(2,313,019)	(6,180,165)					
State/Other Special	0	87,751,924	97,388,169	9,636,245	92,356,740	101,827,539	9,470,799	19,107,044					
Federal Special	9,028,506	10,081,153	10,081,153	0	10,354,612	10,349,311	(5,301)	(5,301)					
Proprietary	17,004,465	18,730,859	0	(18,730,859)	19,500,861	0	(19,500,861)	(38,231,720)					
Current Unrestrict.	159,992,177	0	0	0	0	0	0	0					
Total Funds	\$192,503,839	\$209,081,626	\$196,119,866	(\$12,961,760)	\$216,002,810	\$203,654,428	(\$12,348,382)	(\$25,310,142)					

Executive Budget Comparison

The legislature approved the original Executive Budget, the executive revisions, and additional changes that resulted in appropriation of less general fund and more tuition than requested by the executive. The combined general fund and state special revenue appropriation, therefore, approximates the revised Executive Budget, as shown in the bottom portion of Table 7.

Executive Proposals Adopted

The original Executive Budget was modified after the start of the legislative session to include: 1) a one-time replacement of general fund by millage, resulting from the passage and approval of SB 412 (see "Other Legislation" section); 2) additional tuition of \$319,673 to adjust system funding; 3) additional tuition of \$1.9 million in fiscal 1996 and \$2.3 million in fiscal 1997 because more WUE FTE at MSU were converted to full non-resident FTE than anticipated when the Quality Pool new proposal was developed; and 4) increased tuition rates and additional tuition of \$3.7 million in fiscal 1996 and \$4.8 million in fiscal 1997 for UTU-type agreements not finalized before the budgeting process was completed. The legislature approved the original budget and these adjustments, as shown in Table 7 and discussed below.

- 1) SB 412 - Millage/General Fund Switch - SB 412 accelerates collection of some oil and natural gas taxes in fiscal 1996, resulting in a one-time increase in property tax revenue that the legislature used to replace general fund.
- 2) Budget Adjustments - The executive proposed increasing tuition by \$0.3 million for the biennium to correct for tuition mistakenly excluded from its original budget.

3) Additional Non-Resident Tuition - The executive proposed a biennial addition of \$4.2 million non-resident tuition for MUS because, when the university reduced WUE students, it enrolled approximately 300 more non-resident students to replace them than had been originally anticipated. This non-resident tuition represents increased tuition anticipated without increasing tuition rates or the number of students on campus.

4) Tuition Increases - The original Executive Budget included a new proposal to increase tuition rates up to 6.5 percent to pay for increases in instructor productivity and salaries at UM. The original executive proposal did not include an estimated \$8.4 million additional tuition for the biennium for similar agreements at the other campuses because they had not yet been negotiated. However, the executive did include these funds in its revised tuition estimate, contingent on completed agreements at the other five campuses.

Table 7
Executive Proposals Compared to Legislative Appropriation
University System 1997 Biennium

	Fiscal 1996				Total	Fiscal 1997				Total
	General Fund	State Special	Other	Total		General Fund	State Special	Other	Total	
Original Executive Budget	\$92,517,690	\$87,751,924	\$28,812,012	\$209,081,626	\$93,790,597	\$92,356,740	\$29,855,473	\$216,002,810		
Revised Executive Budget										
1) SB412 Millage/Gen. Fund Switch	(592,000)	592,000		0					0	
2) Budget Adjustments		183,334		183,334			136,339		136,339	
3) Additional Non-Resident Tuition		1,928,344		1,928,344			2,302,362		2,302,362	
4) Tuition Increases	0	3,717,687	0	3,717,687	0	4,844,665	0	4,844,665		
Revised Executive Budget	\$91,925,690	\$94,173,289	\$28,812,012	\$214,910,991	\$93,790,597	\$99,640,106	\$29,855,473	\$223,286,176		
Legislative Initiatives										
1) Lump Sum Funding										
2(a) Tuition/Gen. Fund Switch	(3,375,000)	3,376,824		1,824	(3,375,000)	3,373,376			(1,624)	
2(b) GF/ROC Millage Fund Switch	161,944	(161,944)		0	161,943	(161,943)			0	
2(c) SB156-GF/1.5 Mill Fund Switch	0	0	0	0	1,024,000	(1,024,000)		0	0	
3) SB156-Worker's Compensation	(62,090)			(62,090)	(62,118)				(62,118)	
4) Inflation Reduction					(61,844)			(5,301)	(67,145)	
5) HB 576 - MUS Group Insurance	0	0	(18,730,859)	(18,730,859)	0		0	(19,500,861)	(19,500,861)	
Total Appropriation	\$88,650,544	\$97,388,169	\$10,081,153	\$196,119,866	\$91,477,578	\$101,827,539	\$10,349,311	\$203,654,428		
Leg. Over (Under) Revised Exec.	(\$3,275,146)	\$3,214,880	(\$18,730,859)	(\$18,791,125)	(\$2,313,019)	\$2,187,433	(\$19,506,162)	(\$19,631,748)		
Leg. Over (Under) Original Exec.	(\$3,867,146)	\$9,636,245	(\$18,730,859)	(\$12,961,760)	(\$2,313,019)	\$9,470,799	(\$19,506,162)	(\$12,348,382)		

Legislative Initiatives

The legislature approved additional changes in the MUS funding, including: 1) a lump sum budget with components different from those proposed by the executive; 2) three additional funding switches; 3) a reduction in worker's compensation; 4) inflation reductions in fiscal 1997; and 5) moving the MUS Group Insurance program off-budget. These changes are also shown in Table 7 and discussed below.

1) Lump Sum Funding - The executive proposed three major appropriations: a) a lump sum for the educational units, including the community colleges; b) a lump sum for public service and research stations; and c) traditional appropriations for the CHE, except the community colleges, plus specified lump sum funding to be distributed to the units. The legislature chose, instead, to provide one biennial lump sum for CHE and the educational units to promote management flexibility. It did not include the community colleges in the "lump" because it did not endorse their integration into the university system. The legislature also chose traditional funding for the public service and research agencies because the functions of each agency differ markedly from the functions of the others.

2) Funding Switches - The legislature approved three additional funding switches:

- a) **Tuition/General Fund Switch** - The legislature reduced general fund by \$6.75 million and increased tuition a like amount for the biennium. This tuition spending authority exceeds the tuition receipts estimated by CHE for the biennium. If the Board of Regents does not increase resident student tuition rates, only increased numbers of students, particularly non-residents, and/or increased non-resident tuition rates will generate this revenue;
 - b) **General Fund/ROC Millage Fund Switch** - Executive mill levy revenue estimates were higher for the six units and lower for the vo-techs than the ROC estimates adopted by the legislature. Therefore, the legislature adjusted funding approximately \$162,000 each year by: 1) decreasing the university mill levy and increasing general fund by \$233,523 each year; and 2) increasing vo-tech mill levy revenue and decreasing general fund by \$71,579 each year; and
 - c) **SB 156 - General Fund/1.5 Mill Levy Fund Switch** - SB 156 integrates the vo-techs into the university system (see "Other Legislation" section), requires that revenue from the 1.5 mills levied by counties in which vo-techs are located be deposited in the state general fund, and requires that an equal amount of general fund be appropriated for vo-tech support. Therefore, HB 2 general fund was increased by \$1 million and state special revenue was decreased by a like amount in fiscal 1997, as required by the bill.
- 3) **SB 156 - Worker's Compensation for Vo-tech Students** - Funding in HB 2 was reduced by approximately \$62,000 each year as a result of a SB 156 provision that releases vo-techs from payment of worker's compensation for students (see "Other Legislation" section).
 - 4) **Inflation Reduction** - The legislature adjusted inflation factors downward in fiscal 1997 for all state agencies. Costs were therefore reduced in the MUS by \$61,844 general fund and \$5,301 federal funds.
 - 5) **HB 576 - MUS Group Insurance** - The legislature enacted HB 576, which moved many internal service and enterprise funds off budget. The MUS Group Insurance program is an internal service fund affected by provisions of HB 576. Therefore, HB 2 funding was reduced by approximately \$19 million each year to implement the bill (see "Other Legislation" section).

COMMUNITY COLLEGES									
Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses		0	0	776,854	776,854	0	0	0	776,854
Local Assistance		4,210,862	221,105	0	4,431,967	189,745	0	4,400,607	8,832,574
Total Costs		\$4,210,862	\$221,105	\$776,854	\$5,208,821	\$189,745	\$0	\$4,400,607	\$9,609,428
Fund Sources									
General Fund		4,210,862	221,105	776,854	5,208,821	189,745	0	4,400,607	9,609,428
Total Funds		\$4,210,862	\$221,105	\$776,854	\$5,208,821	\$189,745	\$0	\$4,400,607	\$9,609,428

Agency Description

The Community College Assistance Program distributes funds appropriated by the legislature for the support of Montana's three community colleges - Miles Community College, Flathead Valley Community College, and Dawson Community College. Each community college district has an elected board of trustees accountable to and supervised by the Board of Regents.

Summary of Legislative Action

The legislature increased state support for Community Colleges by approximately 9 percent over the biennium and replaced the formula-based budgeting method used in prior years with an incremental approach to budgeting.

Funding

Community College assistance is funded entirely with general fund.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Other Present Law Adjustments		
1 Local Assistance to Community Colleges	\$221,105	\$189,745
Total Present Law Adjustments	\$221,105	\$189,745

Present Law Adjustments

The legislature increased assistance for community colleges by using an incremental approach to budgeting similar to that used for the university units. The 1994 actual expenditures were adjusted upward by: 1) removing 1995 biennium audit costs from the base and adding the audit costs for the 1997 biennium in fiscal 1996; 2) increasing only the student services and instruction costs for an

estimated 194 additional resident FTE students; and 3) calculating the general fund share at 49 percent of the total. This budgeting method differs from the enrollment/cost-per-student formula used in prior biennia. The change in budget methodology results in annual adjustments of approximately \$70,000 general fund less than would have been generated by the old formula.

New Proposals					
New Proposal	Fiscal 1996			Fiscal 1997	
	FTE	General Fund	Total Funds	FTE	General Fund
1 Community Colleges Biennial		\$776,854	\$776,854		
Totals		\$776,854	\$776,854		

New Proposals

Community Colleges Biennial Appropriation - The legislature increased the appropriation for the community colleges by \$776,854 for the biennium, contingent on the failure of SB 396 to be passed and approved. Committee discussion indicated that these funds are intended to: 1) increase general fund support for resident students; 2) help the community colleges prepare for additional students coming from the university system; and 3) provide the potential for local property tax reduction. Senate Bill 396 would have implemented the executive proposal to integrate the community colleges into the university system in fiscal 1997, but it was tabled in committee.

It is the responsibility of the Board of Regents to allocate the biennial appropriation to the community colleges. However, calculations based on committee discussion indicate these funds are sufficient to: 1) increase community college general fund support to 51 percent of \$4,163 total costs for current resident students; and 2) increase general fund to provide the same support for 96.65 additional resident students.

Language

"The general fund appropriation for the community colleges is the state share of the total unrestricted budgets for the community colleges in fiscal year 1996 and fiscal year 1997. The total unrestricted budgets for the community colleges must be approved by the board of regents."

"Total audit costs are estimated to be \$64,000 for the community colleges for the biennium. The general fund appropriation for each community college provided 49% of the total audit cost. The remaining 51% of these costs must be paid from funds other than those appropriated in item 2 [Community Colleges]. Audit costs for the biennium may not exceed \$20,000 each for Dawson and Miles community colleges and \$24,000 for Flathead Valley community college."

"Item 3 [Community Colleges Biennial appropriation] is contingent on the failure of Senate Bill No. 396 to be passed and approved."

Executive Budget Comparison

The legislature approved the Executive Budget with two changes: 1) it did not endorse state assumption of community colleges in fiscal 1997, resulting in a \$1.7 million general fund reduction; and 2) it added a biennial general fund appropriation of \$776,854 to provide additional state support, as discussed in the "New Proposals" section.

The executive proposal for state assumption of community colleges in fiscal 1997 included: a) state assumption of all operations costs; b) state ownership of all buildings and state debt payments for 7 years at Dawson Community College and 15 years at Flathead Valley Community College; and c) funding through general fund, tuition, a 1.5 mill local levy, and miscellaneous revenue. A local advisory board would have been established at each community college,

5198 00 00000 COMMUNITY COLLEGES Agency Summary		EXECUTIVE BUDGET COMPARISON						
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	776,854	776,854	0	0	0	776,854
Local Assistance	4,210,862	4,431,967	4,431,967	0	5,678,193	4,400,607	(1,277,586)	(1,277,586)
Debt Service	0	0	0	0	427,432	0	(427,432)	(427,432)
Total Costs	\$4,210,862	\$4,431,967	\$5,208,821	\$776,854	\$6,105,625	\$4,400,607	(\$1,705,018)	(\$928,164)
Fund Sources								
General Fund	4,210,862	4,431,967	5,208,821	776,854	6,105,625	4,400,607	(1,705,018)	(928,164)
Total Funds	\$4,210,862	\$4,431,967	\$5,208,821	\$776,854	\$6,105,625	\$4,400,607	(\$1,705,018)	(\$928,164)

each campus would have had a managerial executive officer reporting to a university president, and the Board of Regents would have been the policy-making board.

Under the executive proposal, general fund for operations would have increased from 49 to 63 percent, and debt service would have been 100 percent general fund for an annual total of \$1,705,018 beginning in fiscal 1997. Tuition and local funds, primarily the mill levy, would have decreased by the same amount, resulting in mill levy decreases of 10.69 mills in Flathead County, 40.77 mills in Dawson County, and 40.93 mills in Custer County.

5109 00 00000

AGRICULTURAL EXPERIMENT STATION

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	231.80	(0.01)	0.00	231.79	(0.01)	0.00	231.79	231.79	231.79
Personal Services	8,329,162	82,536	(210,293)	8,201,405	100,603	(210,744)	8,219,021	16,420,426	
Operating Expenses	1,470,443	55,579	0	1,526,022	66,019	0	1,536,462	3,062,484	
Equipment	249,963	862	0	250,825	492	0	250,455	501,280	
Capital Outlay	11,665	(11,665)	0	0	(11,665)	0	0	0	0
Debt Service	10,082	1,774	0	11,856	1,774	0	11,856	23,712	
Total Costs	\$10,071,315	\$129,086	(\$210,293)	\$9,990,108	\$157,223	(\$210,744)	\$10,017,794	\$20,007,902	
Fund Sources									
General Fund	0	7,374,880	(197,967)	7,176,913	7,399,656	(198,335)	7,201,321	14,378,234	
Federal Special	0	1,922,589	0	1,922,589	1,922,589	0	1,922,589	3,845,178	
Proprietary	0	902,932	(12,326)	890,606	906,293	(12,409)	893,884	1,784,490	
Current Unrestrict.	10,071,315	(10,071,315)	0	0	(10,071,315)	0	0	0	0
Total Funds	\$10,071,315	\$129,086	(\$210,293)	\$9,990,108	\$157,223	(\$210,744)	\$10,017,794	\$20,007,902	

Agency Description

The Montana Agricultural Experiment Station (AES) was established at Montana State University-Bozeman by the legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. Its mission, as provided in section 20-25-222, MCA, is to: 1) conduct research relating to agriculture, natural resources, and rural life; and 2) distribute the resulting information among the people of Montana. The AES is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service. The goal of the AES is to enhance the social and economic well-being of the state, national, and international communities through research programs addressing problems facing crop and livestock producers and consumers of agricultural products.

Summary of Legislative Action

The legislature approved minor changes in the AES present law and a reduction in personal services to fund the 1997 biennium pay plan, and enacted a funding switch each year to correct program funding.

Other Legislation

House Bill 395 - HB 395 implements a six-year, site-specific integrated weed management plan for each property owned or managed by the Agricultural Experiment Station. Each plan must be developed in cooperation with local county weed boards and updated and evaluated every two years. The fiscal note estimated that \$14,400 general fund for the biennium would be needed to hold four meetings for each of 12 county plans. However, the legislature did not provide the Experiment Station with additional funding for this purpose.

AGRICULTURAL EXPERIMENT STATION				EXECUTIVE BUDGET COMPARISON				
Budget Item	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
FTE	231.80	231.79	231.79	0.00	231.79	231.79	0.00	0.00
Personal Services	8,329,162	8,201,405	8,201,405	0	8,219,021	8,219,021	0	0
Operating Expenses	1,470,443	1,526,022	1,526,022	0	1,542,556	1,536,462	(6,094)	(6,094)
Equipment	249,963	250,825	250,825	0	250,455	250,455	0	0
Capital Outlay	11,665	0	0	0	0	0	0	0
Debt Service	10,082	11,856	11,856	0	11,856	11,856	0	0
Total Costs	\$10,071,315	\$9,990,108	\$9,990,108	\$0	\$10,023,888	\$10,017,794	(\$6,094)	(\$6,094)
Fund Sources								
General Fund	0	7,176,913	7,176,913	0	7,207,415	7,201,321	(6,094)	(6,094)
Federal Special	0	1,922,589	1,922,589	0	1,922,589	1,922,589	0	0
Proprietary	0	878,280	890,606	12,326	881,475	893,884	12,409	24,735
Current Unrestrict.	10,071,315	12,326	0	(12,326)	12,409	0	(12,409)	(24,735)
Total Funds	\$10,071,315	\$9,990,108	\$9,990,108	\$0	\$10,023,888	\$10,017,794	(\$6,094)	(\$6,094)

Executive Budget Comparison

The legislature adopted the Executive Budget for the Agricultural Experiment Station, including present law adjustments and new proposals. The indicated changes are the result of global inflation reductions approved by the legislature for fiscal 1997 and a funding switch each year to correct program funding.

5109 02 00000

AGRICULTURAL EXPERIMENT STATION**Program Summary****ORGANIZED RESEARCH**

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	215.80	(1.00)	0.00	214.80	(1.00)	0.00	214.80	214.80
Personal Services	7,856,051	62,625	(197,967)	7,720,709	77,344	(198,335)	7,735,060	15,455,769
Operating Expenses	1,461,227	55,563	0	1,516,790	65,990	0	1,527,217	3,044,007
Equipment	241,757	862	0	242,619	492	0	242,249	484,868
Capital Outlay	11,665	(11,665)	0	0	(11,665)	0	0	0
Debt Service	10,082	1,774	0	11,856	1,774	0	11,856	23,712
Total Costs	\$9,580,782	\$109,159	(\$197,967)	\$9,491,974	\$133,935	(\$198,335)	\$9,516,382	\$19,008,356
Fund Sources								
General Fund	0	7,374,880	(197,967)	7,176,913	7,399,656	(198,335)	7,201,321	14,378,234
Federal Special	0	1,922,589	0	1,922,589	1,922,589	0	1,922,589	3,845,178
Proprietary	0	392,472	0	392,472	392,472	0	392,472	784,944
Current Unrestrict.	9,580,782	(9,580,782)	0	0	(9,580,782)	0	0	0
Total Funds	\$9,580,782	\$109,159	(\$197,967)	\$9,491,974	\$133,935	(\$198,335)	\$9,516,382	\$19,008,356

Program Description

The Montana Agricultural Experiment Station (AES) research program includes fourteen academic departments, service divisions, and laboratories located at Bozeman and seven Agricultural Research Centers located around the state. Research is also conducted using the land and facilities of private Montana farmers and ranchers. Research projects relating to agricultural activities and other uses of natural resources are undertaken to: 1) enhance knowledge of the social, environmental, and economic impacts of agricultural production activities and policies; 2) make research findings useful in their applications to the problems and choices facing the state; and 3) disseminate research findings to other scientists and private citizens.

Funding

In addition to the general fund, the research program is funded from current unrestricted funds, including: 1) federal Hatch Act funds; 2) federal regional research funds; and 3) sales and services revenue, as summarized in Table 1. The funding switch shown in present law adjustments is a technical entry to allow funds spent as current unrestricted funds to be compared to the actual funding sources.

Federal funds are awarded by formula for federally approved research projects. Total revenues budgeted in the 1997 biennium are based on the estimated fiscal 1995 grant level. Sales and services revenue in the 1997 biennium is based on an average of the previous five years' actual revenue.

As shown in Table 1, funding for the AES is reduced in the 1997 biennium from both the actual fiscal 1994 and appropriated fiscal 1995 levels. This reduction is primarily due to the personal

Table 1
AES Funding Sources - Organized Research Program
Fiscal 1994 through Fiscal 1997

Fund Source	Actual Fiscal 1994	Allocated Fiscal 1995	Appropriated Fiscal 1996	Appropriated Fiscal 1997
GF - Base	\$7,282,766	\$7,324,735	\$7,374,880	\$7,405,750
GF - PS Reduction			(197,967)	(198,335)
GF - Inflation Reduction				(6,094)
Federal Hatch Act	1,276,211	1,276,212	1,292,402	1,292,402
Fed. Regional Research	629,264	629,265	630,187	630,187
Sales and Services	392,541	394,536	392,472	\$392,472
Balance	\$9,580,782	\$9,624,748	\$9,491,974	\$9,516,382

services reduction discussed in the "New Proposals" section.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$62,625	\$77,344
2 Inflation/Deflation	23,594	33,874
3 Fixed Costs	38,234	38,381
Other Present Law Adjustments		
4 Equipment	\$862	\$492
5 Capital Outlay	(11,665)	(11,665)
6 Debt Service	1,774	1,774
7 Miscellaneous	(6,265)	(6,265)
Total Present Law Adjustments	\$109,159	\$133,935

Present Law Adjustments

1) Personal Services - The legislature includes actual rather than budgeted FTE, resulting in elimination of 1.0 FTE. Personal services increase due to the net of the FTE reduction and increases for continuation of the pay plan.

3) Fixed Costs - The fixed cost increase of approximately \$38,000 each fiscal year is primarily due to a change in the insurance allocation at MSU.

4) Equipment - The equipment budget of \$242,619 each year is slightly higher than the fiscal 1994 base level and includes replacement computer equipment and farm equipment.

5) Capital Outlay - The \$11,665 expended for buildings in fiscal 1994 under "capital outlay" was a one-time expenditure for a growth chamber installed in one of the buildings, resulting in a decrease for the 1997 biennium.

6) Debt Service - A \$10,082, three-year equipment lease ended with the fiscal 1994 payment and was replaced in the 1997 biennium budget with interest of \$11,856 each year for a land purchase in Hill County. The principle payment for the 3,900 acres purchased was provided through the sale of land in Sweet Grass County. The land contract recorded in leases results in a budgeted increase of \$1,774 each year of the biennium.

7) Miscellaneous Adjustments - Operations are reduced by \$6,265 each year as a result of: a) a \$2,265 annual reduction in consulting services; and b) a \$4,000 annual reduction in costs for leased equipment.

5109 02 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions		(\$197,967)	(\$197,967)		(\$198,335)	(\$198,335)
Totals		(\$197,967)	(\$197,967)		(\$198,335)	(\$198,335)

New Proposals

1) Personal Services Reductions - The legislature includes a 2.5 percent personal services reduction.

AGRICULTURAL EXPERIMENT STATION				US RANGE STATION					
Program Summary									
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97	
FTE	16.00	0.99	0.00	16.99	0.99	0.00	16.99	16.99	
Personal Services	473,111	19,911	(12,326)	480,696	23,259	(12,409)	483,961	964,657	
Operating Expenses	9,216	16	0	9,232	29	0	9,245	18,477	
Equipment	8,206	0	0	8,206	0	0	8,206	16,412	
Total Costs	\$490,533	\$19,927	(\$12,326)	\$498,134	\$23,288	(\$12,409)	\$501,412	\$999,546	
Fund Sources									
Proprietary	0	510,460	(12,326)	498,134	513,821	(12,409)	501,412	999,546	
Current Unrestrict.	490,533	(490,533)	0	0	(490,533)	0	0	0	
Total Funds	\$490,533	\$19,927	(\$12,326)	\$498,134	\$23,288	(\$12,409)	\$501,412	\$999,546	

Program Description

The United States Department of Agriculture, Agricultural Research Service Fort Keogh Livestock and Range Research Laboratory at Miles City is a cooperative program of the United States Department of Agriculture and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve efficiency of livestock production from rangeland resources in the Northern Great Plains.

Funding

The program is funded entirely from revenue generated by commodity sales. The funding switch shown in present law adjustments is a technical entry to allow funds spent as current unrestricted funds to be compared to the actual funding sources.

Present Law Adjustments		
Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
Statewide Present Law Adjustments		
1 Personal Services	\$19,911	\$23,259
2 Inflation/Deflation	16	29
Total Present Law Adjustments	\$19,927	\$23,288

Present Law Adjustments

- 1) **Personal Services** - The legislature includes actual rather than budgeted FTE, resulting in a 0.99 FTE increase. Personal services increase due to the FTE increase and increases for continuation of the fiscal 1995 pay plan.

5109 15 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions			(\$12,326)			(\$12,409)
Totals			(\$12,326)			(\$12,409)

New Proposals

- 1) Personal Services Reductions - Personal services funded by sales revenue at the Range Station are reduced by 2.5 percent.

5110 00 00000

EXTENSION SERVICE

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE	117.67	(0.09)	0.00	117.58	(0.09)	0.00	117.58	117.58	117.58
Personal Services	4,415,258	248,374	(117,463)	4,546,169	251,837	(117,549)	4,549,546	9,095,715	
Operating Expenses	497,419	21,171	0	518,590	17,233	0	514,652	1,033,242	
Equipment	44,963	0	0	44,963	0	0	44,963	89,926	
Debt Service	7,939	(7,939)	0	0	(7,939)	0	0	0	0
Total Costs	\$4,965,579	\$261,606	(\$117,463)	\$5,109,722	\$261,131	(\$117,549)	\$5,109,161	\$10,218,883	
Fund Sources									
General Fund	0	2,932,617	(117,463)	2,815,154	2,932,142	(117,549)	2,814,593	5,629,747	
Federal Special	0	2,294,568	0	2,294,568	2,294,568	0	2,294,568	4,589,136	
Current Unrestrict.	4,965,579	(4,965,579)	0	0	(4,965,579)	0	0	0	0
Total Funds	\$4,965,579	\$261,606	(\$117,463)	\$5,109,722	\$261,131	(\$117,549)	\$5,109,161	\$10,218,883	

Agency Description

The Montana Extension Service (MES) was established in 1914 as a result of the federal Smith-Lever Act. The MES mission is disseminating and encouraging practical use of research about agricultural production and marketing, human resource development, and home economics. It serves 53 of the 56 counties through 49 county extension offices. Two additional counties (Petroleum and Wheatland) contract for some services with neighboring counties. (Meagher County currently has no services). The MES has four area offices, with its main operations housed on the MSU-Bozeman campus. Background materials for its educational efforts are developed: 1) by Extension Service, Agricultural Experiment Station, and other MSU faculty; and 2) from research information available through faculty from other public and private universities and colleges, other state and federal agency personnel, and researchers in the private sector.

Summary of Legislative Action

The legislature approved minor changes in the Extension Service present law budget and reduced personal services to fund the 1997 biennium pay plan.

Funding

The Extension Service is funded from two sources: 1) general fund; and 2) federal Smith-Lever funds. Federal funds in the 1997 biennium are included at the fiscal 1995 authorized level of \$2,161,652 plus: 1) net estimated carryover authority from prior years of \$52,407; and 2) an estimated grant increase of \$80,509. The funding switch shown in present law adjustments is a technical entry to allow funds spent as current unrestricted funds to be compared to the actual funding sources.

Present Law Adjustments

- 1) Personal Services - The increase of approximately \$250,000 each year represents full funding of 117.58 FTE plus continuation of the pay plan increases approved for fiscal 1995.
- 2) & 3) Inflation and Fixed Costs - Deflation factors reduce costs in both fiscal 1996 and 1997 as shown, while the fixed costs, primarily the insurance allocation at MSU-Bozeman, increase over \$22,000 each year.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$248,374	\$251,837
2 Inflation/Deflation	(832)	(4,881)
3 Fixed Costs	22,003	22,114
<i>Other Present Law Adjustments</i>		
4 Debt Service	(\$7,939)	(\$7,939)
Total Present Law Adjustments	\$261,606	\$261,131

4) Debt Service - Lease/purchase payments on copiers were completed in fiscal 1994, resulting in a \$7,939 reduction in each year of the biennium.

5110 00 00000

New Proposals

New Proposal	FTE	Fiscal 1996		Fiscal 1997	
		General Fund	Total Funds	FTE	General Fund
1 Personal Services Reductions		(\$117,463)	(\$117,463)		(\$117,549)
Totals		(\$117,463)	(\$117,463)		(\$117,549)

New Proposals

1) Personal Services Reductions - The legislature includes a 2.5 percent personal services reduction for vacancy savings to fund a pay plan.

5110 00 00000 EXTENSION SERVICE		EXECUTIVE BUDGET COMPARISON							
<u>Agency Summary</u>		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item									
FTE		117.67	117.58	117.58	0.00	117.58	117.58	0.00	0.00
Personal Services	4,415,258	4,546,169	4,546,169	0	4,549,546	4,549,546	0	0	0
Operating Expenses	497,419	518,590	518,590	0	518,437	514,652	(3,785)	(3,785)	
Equipment	44,963	44,963	44,963	0	44,963	44,963	0	0	
Debt Service	7,939	0	0	0	0	0	0	0	0
Total Costs	\$4,965,579	\$5,109,722	\$5,109,722	\$0	\$5,112,946	\$5,109,161	(\$3,785)	(\$3,785)	
<u>Fund Sources</u>									
General Fund	0	2,815,154	2,815,154	0	2,818,378	2,814,593	(3,785)	(3,785)	
Federal Special	0	2,294,568	2,294,568	0	2,294,568	2,294,568	0	0	
Current Unrestrict.	4,965,579	0	0	0	0	0	0	0	
Total Funds	\$4,965,579	\$5,109,722	\$5,109,722	\$0	\$5,112,946	\$5,109,161	(\$3,785)	(\$3,785)	

Executive Budget Comparison

The legislature adopted the Executive Budget for the Extension Service, including present law adjustments and new proposals. The fiscal 1997 changes are the result of global inflation reductions approved by the legislature.

FORESTRY & CONS EXPER STATION									
Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		15.27	0.03	0.00	15.30	0.03	0.00	15.30	15.30
Personal Services	589,900	38,760	0	628,660	39,371	0	629,271	1,257,931	
Operating Expenses	88,904	(447)	0	88,457	(660)	0	88,244	176,701	
Equipment	5,806	0	0	5,806	0	0	5,806	11,612	
Total Costs	\$684,610	\$38,313	\$0	\$722,923	\$38,711	\$0	\$723,321	\$1,446,244	
<u>Fund Sources</u>									
General Fund	0	722,923	0	722,923	723,321	0	723,321	1,446,244	
Current Unrestrict.	684,610	(684,610)	0	0	(684,610)	0	0	0	0
Total Funds	\$684,610	\$38,313	\$0	\$722,923	\$38,711	\$0	\$723,321	\$1,446,244	

Agency Description

The Montana Forest and Conservation Experiment Station (FCES) was established by the legislature in 1937 as a non-profit organization devoted to the scientific investigation of natural resource problems. The station serves as the research unit of the University of Montana-Missoula School of Forestry with the Dean of the School of Forestry functioning as the station director. The FCES's purposes are to: 1) study of relationships between forests and other dimensions of the environment; 2) discover ways to improve the products of forest lands; and 3) complete and publish reports about forestry research. Research is carried on at Lubrecht Experimental Forest and other locations in Montana in cooperation with private, state, and federal agencies.

Summary of Legislative Action

The legislature maintained the present law expenditures in the FCES budget.

Funding

The Forestry and Conservation Experiment Station is funded entirely with general fund. The funding switch shown in present law adjustments is a technical entry to allow funds spent as current unrestricted funds to be compared to the actual funding sources.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$38,760	\$39,371
2 Inflation/Deflation	408	195
3 Fixed Costs	(855)	(855)
Total Present Law Adjustments	\$38,313	\$38,711

Present Law Adjustments

- 1) Personal Services - The increase of approximately \$39,000 each year represents: a) a 0.03 FTE adjustment for the 1997 biennium; b) full funding of 15.30 FTE (vacancy savings in fiscal 1994 was approximately 5 percent); and c) continuation of the pay plan increases approved for fiscal 1995.
- 3) Fixed Costs - The fixed cost decrease of \$855 each year results from the elimination of directly assessed charges for insurance. Insurance premiums will be paid through the University of Montana-Missoula budget in the 1997 biennium.

5111 00 00000 FORESTRY & CONS EXPER STATION		EXECUTIVE BUDGET COMPARISON							
Agency Summary		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item									
FTE		15.27	15.30	15.30	0.00	15.30	15.30	0.00	0.00
Personal Services	589,900	628,660	628,660	0	629,271	629,271	0	0	0
Operating Expenses	88,904	88,457	88,457	0	88,783	88,244	(539)	(539)	
Equipment	5,806	5,806	5,806	0	5,806	5,806	0	0	0
Total Costs	\$684,610	\$722,923	\$722,923	\$0	\$723,860	\$723,321	(\$539)	(\$539)	
Fund Sources									
General Fund	0	722,923	722,923	0	723,860	723,321	(539)	(539)	
Current Unrestrict.	684,610	0	0	0	0	0	0	0	0
Total Funds	\$684,610	\$722,923	\$722,923	\$0	\$723,860	\$723,321	(\$539)	(\$539)	

Executive Budget Comparison

The legislature adopted the Executive Budget for the Forestry and Conservation Experiment Station, including present law adjustments. The fiscal 1997 changes are the result of global inflation reductions approved by the legislature.

5112 00 00000

BUREAU OF MINES

Agency Summary		Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
Budget Item									
FTE		37.59	0.60	0.00	38.19	0.60	0.00	38.19	38.19
Personal Services	1,378,610	138,650	(27,143)	1,490,117	139,572	(27,166)	1,491,016	2,981,133	
Operating Expenses	366,505	91,717	0	458,222	91,352	0	457,857	916,079	
Equipment	112,625	(41,347)	0	71,278	(41,347)	0	71,278	142,556	
Debt Service	14,296	0	0	14,296	0	0	14,296	28,592	
Total Costs	\$1,872,036	\$189,020	(\$27,143)	\$2,033,913	\$189,577	(\$27,166)	\$2,034,447	\$4,068,360	
Fund Sources									
General Fund	0	1,351,056	(27,143)	1,323,913	1,351,613	(27,166)	1,324,447	2,648,360	
State/Other Special	0	666,000	0	666,000	666,000	0	666,000	1,332,000	
Proprietary	0	44,000	0	44,000	44,000	0	44,000	88,000	
Current Unrestrict.	1,872,036	(1,872,036)	0	0	(1,872,036)	0	0	0	0
Total Funds	\$1,872,036	\$189,020	(\$27,143)	\$2,033,913	\$189,577	(\$27,166)	\$2,034,447	\$4,068,360	

Agency Description

The Bureau of Mines and Geology is a public service and research agency at Montana Tech of the University of Montana in Butte. The bureau is charged with promoting the effective use of mineral resources through investigation of their geology, production, treatment, and economics. It disseminates information through publications and replies to individual inquiries. The bureau's work includes field and laboratory study, collection of samples and information, interpretation of data, and compilation of statistics on all mineral resources--metallic and non-metallic minerals, fuels, and groundwater. Projects are undertaken in cooperation with the U.S. Geological Survey, the U.S. Bureau of Mines, and other agencies.

Summary of Legislative Action

The legislature maintained present law expenditures in the budget for the Bureau of Mines.

Funding

The Bureau of Mines is funded from three sources: 1) general fund; 2) revenue from the sale of maps and publications, totalling \$44,000 each year; and 3) Resource Indemnity Trust funds of \$666,000 each year for the Groundwater Assessment program. The funding switch shown in present law adjustments is a technical entry to allow funds spent as current unrestricted funds to be compared to the actual funding sources.

Present Law Adjustments

- 1) Personal Services - The increase of approximately \$139,000 each year represents: a) an increase of 0.6 FTE for the 1997 biennium; b) full funding of 38.19 FTE, including 12.75 FTE in the Groundwater Assessment program; and c) continuation of the pay plan increases in fiscal 1995.
- 3) Groundwater Assessment - Consulting and professional services increase by \$75,539 each year, and travel increases by \$9,592 in fiscal 1996 and \$6,606 in fiscal 1997, reflecting full operation of the program. The fiscal 1994 actual expenditures were curtailed because actual Resource Indemnity Trust funding was less than appropriated.
- 5) Equipment - The agency request of \$57,850 each year for Groundwater Assessment program equipment, including office, field, and computer equipment, is a \$41,347 annual reduction from fiscal 1994 actual expenditures. The

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<i>Statewide Present Law Adjustments</i>		
1 Personal Services	\$138,650	\$139,572
2 Inflation/Deflation	6,160	8,781
<i>Other Present Law Adjustments</i>		
3 Groundwater Assessment	\$85,131	\$82,145
4 Miscellaneous Adjustments	426	426
5 Equipment	(41,347)	(41,347)
Total Present Law Adjustments	\$189,020	\$189,577

remaining equipment of \$13,428 in the operations program is budgeted at the fiscal 1994 actual level.

5112 00 00000

New Proposals

New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions		(\$27,143)	(\$27,143)		(\$27,166)	(\$27,166)
Totals		(\$27,143)	(\$27,143)		(\$27,166)	(\$27,166)

New Proposals

- 1) **Personal Services Reductions** - The legislature includes a 2.5 percent personal services reduction in the operations program only, resulting in general fund reductions of \$27,143 and \$27,166 in fiscal 1996 and fiscal 1997 respectively.

5112 00 00000 EXECUTIVE BUDGET COMPARISON								
Agency Summary	Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item								
FTE	37.59	38.19	38.19	0.00	38.19	38.19	0.00	0.00
Personal Services	1,378,610	1,490,117	1,490,117	0	1,491,016	1,491,016	0	0
Operating Expenses	366,505	458,222	458,222	0	459,162	457,857	(1,305)	(1,305)
Equipment	112,625	71,278	71,278	0	71,278	71,278	0	0
Debt Service	14,296	14,296	14,296	0	14,296	14,296	0	0
Total Costs	\$1,872,036	\$2,033,913	\$2,033,913	\$0	\$2,035,752	\$2,034,447	(\$1,305)	(\$1,305)
Fund Sources								
General Fund	0	1,323,913	1,323,913	0	1,325,752	1,324,447	(1,305)	(1,305)
State/Other Special	0	0	666,000	666,000	0	666,000	666,000	1,332,000
Federal Special	0	666,000	0	(666,000)	666,000	0	(666,000)	(1,332,000)
Proprietary	0	44,000	44,000	0	44,000	44,000	0	0
Current Unrestrict.	1,872,036	0	0	0	0	0	0	0
Total Funds	\$1,872,036	\$2,033,913	\$2,033,913	\$0	\$2,035,752	\$2,034,447	(\$1,305)	(\$1,305)

Executive Budget Comparison

The legislature adopted the Executive Budget for the Bureau of Mines, including present law adjustments and new proposals. The fiscal 1997 changes are the result of global inflation reductions approved by the legislature. The \$666,000 switch from federal to state revenue each year is a correction of the funding category for the RIGWA tax-supported groundwater program.

6119 00 00000

FIRE SERVICES TRAINING SCHOOL

Agency Summary

Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Leg. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Leg. Budget Fiscal 1997	Total Leg. Budget Fiscal 96-97
FTE	5.44	0.00	0.00	5.44	0.00	0.00	5.44	5.44
Personal Services	199,139	4,974	0	204,113	5,227	0	204,366	408,479
Operating Expenses	27,839	3,997	0	31,836	820	0	28,659	60,495
Equipment	17,554	0	0	17,554	0	0	17,554	35,108
Total Costs	\$244,532	\$8,971	\$0	\$253,503	\$6,047	\$0	\$250,579	\$504,082
Fund Sources								
General Fund	0	253,503	0	253,503	250,579	0	250,579	504,082
Current Unrestrict.	244,532	(244,532)	0	0	(244,532)	0	0	0
Total Funds	\$244,532	\$8,971	\$0	\$253,503	\$6,047	\$0	\$250,579	\$504,082

Agency Description

The Fire Services Training School (FSTS), authorized in section 20-31-102, MCA and located at the Great Falls vocational-technical center, organizes, supervises, and coordinates training and education for state fire service personnel in accordance with local needs and the standards established by the Board of Regents. The FSTS: 1) administers and maintains a resource center for use by localities; 2) provides regional, local, and state-wide training programs for fire services personnel; 3) develops courses and training materials; 4) maintains a network of unsalaried field instructors; and 5) offers a fire service professional certification program. The school is attached to the Extension Service for administrative purposes.

Summary of Legislative Action

The legislature maintained present law expenditures in the FSTS budget.

Funding

The FSTS is entirely general fund. Fees for services, which also support the school, are appropriated in language (see "Language" in the University System section). The funding switch shown in present law adjustments is a technical entry to allow funds spent as current unrestricted funds to be compared to the actual funding sources.

Present Law Adjustments

Description	Adjustments Fiscal 1996	Adjustments Fiscal 1997
<u>Statewide Present Law Adjustments</u>		
1 Personal Services	\$4,974	\$5,227
2 Inflation/Deflation	(320)	(1,515)
3 Fixed Costs	3,758	679
<u>Other Present Law Adjustments</u>		
4 Miscellaneous	\$559	\$1,656
Total Present Law Adjustments	\$8,971	\$6,047

Present Law Adjustments

- 1) **Personal Services** - The increase of approximately \$5,000 each year represents full funding of 5.44 FTE plus continuation of the pay plan increases approved for fiscal 1995.
- 4) **Miscellaneous Adjustments** - Other operations increases are the net result of increases for communications and travel, and a decrease for other services.

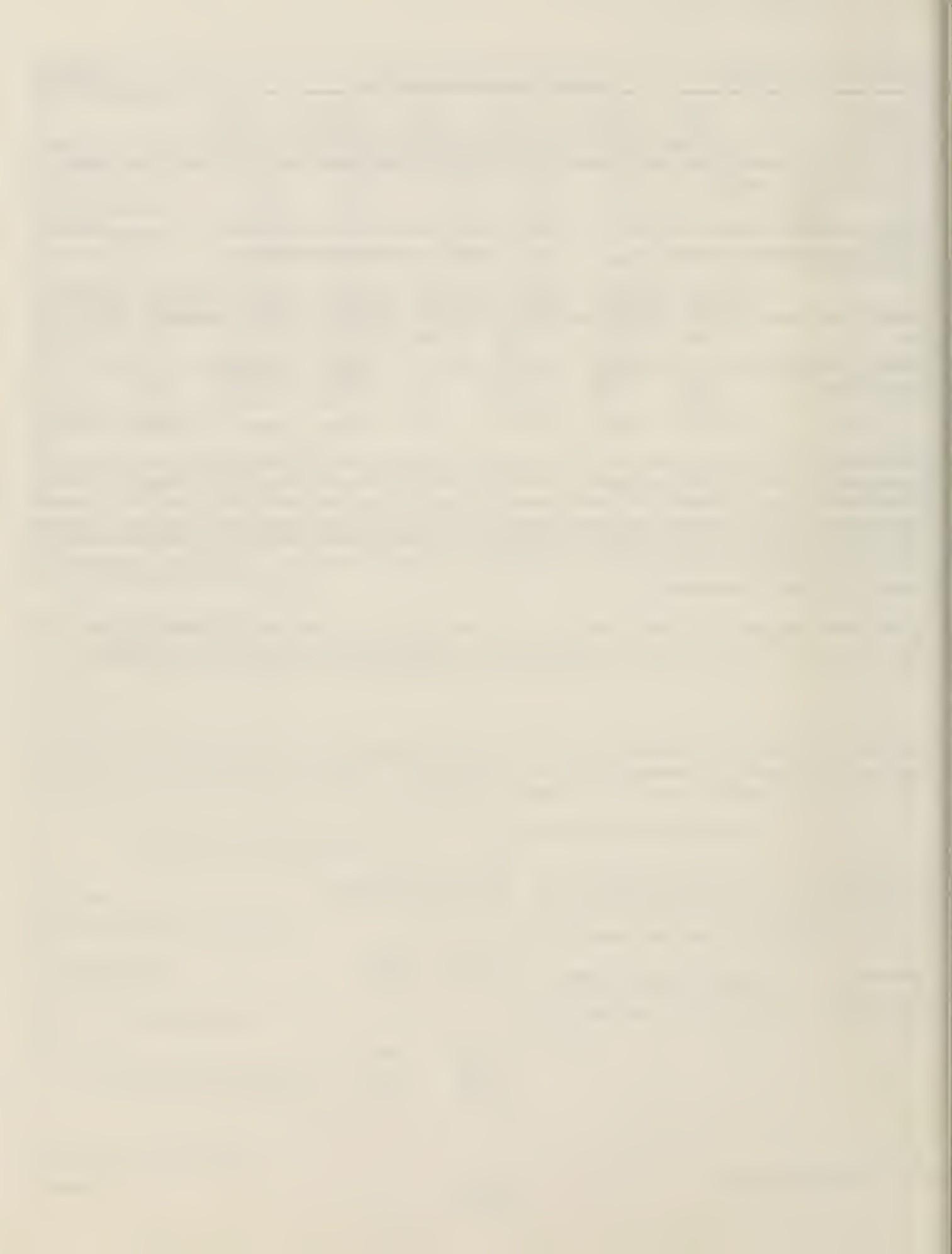
Language

"The fire services training school must be provided office, classroom, and storage space in the Great Falls vocational-technical center at no charge."

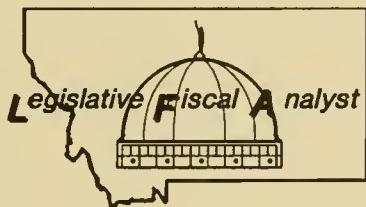
FIRE SERVICES TRAINING SCHOOL				EXECUTIVE BUDGET COMPARISON					
Agency Summary		Base Budget Fiscal 1994	Executive Budget Fiscal 1996	Legislative Budget Fiscal 1996	Leg. - Exec. Difference Fiscal 1996	Executive Budget Fiscal 1997	Legislative Budget Fiscal 1997	Leg. - Exec. Difference Fiscal 1997	Biennium Difference Fiscal 96-97
Budget Item									
FTE		5.44	5.44	5.44	0.00	5.44	5.44	0.00	0.00
Personal Services	199,139	204,113	204,113	0	204,366	204,366	0	0	0
Operating Expenses	27,839	31,836	31,836	0	29,635	28,659	(976)	(976)	
Equipment	17,554	17,554	17,554	0	17,554	17,554	0	0	0
Total Costs	\$244,532	\$253,503	\$253,503	\$0	\$251,555	\$250,579	(\$976)	(\$976)	
<u>Fund Sources</u>									
General Fund	0	253,503	253,503	0	251,555	250,579	(976)	(976)	
Current Unrestrict.	244,532	0	0	0	0	0	0	0	0
Total Funds	\$244,532	\$253,503	\$253,503	\$0	\$251,555	\$250,579	(\$976)	(\$976)	

Executive Budget Comparison

The legislature adopted the Executive Budget for the Fire Services Training School, including present law adjustments. The fiscal 1997 changes are the result of global inflation reductions approved by the legislature.



LONG-RANGE PLANNING



JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

Long-Range Building Program

Resource Indemnity Trust Interest Accounts

Treasure State Endowment Program

Cultural and Aesthetic Grant Program

Oil Overcharge Funds

-----Committee Members-----

House

Representative Ernest Bergsagel (Chair)

Representative Matt McCann

Representative Tom Zook

Senate

Senator Ethel Harding (Vice-Chair)

Senator "Chris" Christiaens

-----Fiscal Analyst Staff-----

Nan LeFebvre

Long-Range Building Program

In 1963, the legislature enacted the Long-Range Building Program (LRBP) to provide funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program was developed in order to present a single, comprehensive, and prioritized plan for allocating the state's resources for the purpose of capital construction and repair of state-owned facilities. The various types of funding used to finance the program include the capital projects fund, state and federal special revenue funds, miscellaneous other funds, and the issuance of debt. The 1995 legislature authorized \$194.90 million of capital projects for the 1997 biennium, resulting in the largest building program ever approved.

Table 1 shows the capital project appropriations for each biennium since 1983.

Table 1
Capital Projects Appropriated by Biennium
(In Millions)

Biennium	Capital Projects Funds	G.O. Bonds	Other *** Funds	Total Projects
1983	\$11.700	\$35.834	\$12.761	\$60.294
1985	10.870	39.335	15.693	65.898
1987	10.518	8.550	19.203	38.270
1989	6.247	0.000	11.440	17.687
1991	7.515	3.823	21.527	32.864
1993	8.382	48.605 *	71.820	128.807 *
1995	5.719 **	6.460	30.897	43.076
1997****	7.835	41.865	145.191	194.891

* The 1993 legislature reduced the prison expansion by \$12.7 million.

** The amount shown in the table contains \$2.6 million of general fund. HB 46 from the 1993 session diverts cigarette tax revenues from the capital projects fund to a state special revenue fund for the operation of veterans' homes. This \$2.6 million reduction in the capital projects fund was offset by an appropriation from the general fund.

*** Other funds include non-general fund sources such as state and federal special revenue funds, private contributions, proprietary and miscellaneous "other" funds.

**** This does not include the \$3.5 million general fund appropriation to OPI for state advances and reimbursements for school facilities (HB 5).

Capital Projects Fund

Although the capital projects fund does not represent the largest portion of funding for capital projects, this fund is referred to as the state's "cash building program". Historically, the revenues in this fund have consisted of approximately 18 percent of cigarette tax revenues, Architecture and Engineering (A&E) supervisory fees, and investment earnings. Due to decreased cigarette consumption, however, cigarette tax revenues available to the capital projects fund have continued to decline. Consequently, the 1995 legislature passed HB 19, resulting in the allocation of 12 percent of annual coal tax revenues to the capital projects fund.¹ (See "House Bill 19" below.)

Table 2 shows the projected fund balance for the 1997 biennium. Cigarette tax, coal tax, and investment earnings are based on assumptions adopted by the 1995 legislature in HJR 9. Expenditures for A&E include \$262,000 for 3.5 new FTE needed to implement the LRBP approved during the 1995 session. (See the discussion on A&E under the Department of Administration in Section A of this report, Volume I.)

Table 2
Capital Projects Fund
Fund Balance Projection, 1997 Biennium
(In Millions)

Estimated Beginning Fund Balance	\$0.947
Revenues	
Cigarette Tax	\$4.281
Investment Earnings	0.441
Supervisory Fees	0.262
DNRC Transfer - Energy Savings	0.320
Coal Tax Revenue (HB 19)	10.465
Interest Earnings on Coal Tax Revenue	0.332
Total Funds Available	\$17.048
Expenditures	
* A&E Expenditures	\$1.640
Capital Projects (HB 5)	6.885
Transfer to General Fund - FY 96	5.200
Law Enforcement Academy (HB 584)	0.950
Debt Service (HB 15 & 585)	2.373
Total Expenditures	(\$17.048)
Estimated Ending Fund Balance	\$0.000

* This amount includes an additional \$.262 in funding for additional FTE for the A/E Division for the purpose of implementing the Long-Range Building Program approved by the 1995 legislature.

¹ HB 19 refers to the long-range building program account, which is actually in the capital projects fund type.

Total LRBP

Table 3 lists all LRBP bills and their totals. Each bill is discussed below in detail.

Table 3
Long-Range Building Program
1997 Biennium - All Capital Projects
(In Millions)

* House Bill 5 Capital Projects - "Cash"	\$116.476
House Bill 15 Capital Projects - "Bonded"	32.865
House Bill 584 Law Enforcement Academy	1.450
House Bill 585 Regional Correctional Facilities	9.000
House Bill 594 MT State Hospital	21.000
House Bill 603 University System - Authority Only	<u>14.100</u>
Total	<u>\$194.891</u>

* This amount excludes a \$3.5 million general fund appropriation to OPI for state advances and reimbursements for school facilities.

House Bills 5 and 15

Table 4 shows the list of projects for the 1997 biennium authorized in House Bills 5 and 15. This table lists the projects by agency and includes the funding sources. A summary of these bills follows Table 4.

Table 4
Long-Range Building Program
House Bills 5 and 15
1997 Biennium

Agency	HB 15 Bonded Debt	HB 5 Capital Projects Fund	HB 6 State Special Revenue	HB 5 Federal Special Revenue	HB 5 Other Revenue	HB 5 Total
Administration						
Capitol Restoration	\$12,559,240	\$275,400		\$696,000	\$6,074,640	\$19,605,280
Roof Replacements, Statewide		350,000				350,000
Code Compliance/Health & Safety, Statewide		350,000				350,000
Upgrade Electrical, Capitol Complex		200,000				200,000
Emergency Projects, Statewide		379,000				379,000
ADA Accessibility Modifications, Capitol Complex					100,000	100,000
Total Department of Administration	\$12,559,240	\$1,554,400	\$0	\$696,000	\$6,174,640	\$20,984,280
Corrections & Human Services						
* MT State Prison Expansion	\$4,300,000			\$1,500,000		\$5,800,000
** Facility Improvements, Center for the Aged		\$330,000				330,000
** Facility Improvements, MT Developmental Center		644,000				644,000
** MT Veterans' Home Facility Maintenance			\$216,952			215,952
* Correctional Boot Camp Expansion				560,000		560,000
** Building Demolition, MT State Hospital		100,000				100,000
Total Dept. of Corrections & Human Services	\$4,300,000	\$1,074,000	\$215,952	\$2,060,000	\$0	\$7,649,952
Board of Education						
Reshingle Cottage Complex, MSDB		\$120,000				\$120,000
Total Board of Education	\$0	\$120,000	\$0	\$0	\$0	\$120,000
** Family Services						
Miscellaneous Improvements, Pine Hills School		\$180,000				\$180,000
Planning Lodge Replacement, Pine Hills School		100,000				100,000
MT Youth Alternatives Program, Boulder		560,000				560,000
Total Department of Family Services	\$0	\$840,000	\$0	\$0	\$0	\$840,000
Fish, Wildlife & Parks						
Bluewater Hatchery, Phase II			\$2,500,000			\$2,500,000
*** Ulm Pishkun, Phase I		843,000		\$220,000		1,063,000
Administrative Facilities Improvements		569,520				669,520
**** Mikoshika State Park		300,000		100,000		400,000
Fish Health Lab		344,000				344,000
Tongue River Reservoir State Park		500,000		650,000		1,150,000
Fish Hatchery Maintenance		192,000				192,000
Spring Meadow Wildlife Rehab. & Ed Center		600,000		25,000		625,000
Salmon & Placid Lakes State Park		140,000		135,000		275,000
**** Whitefish Lake State Park		200,000		200,000		400,000
Lake Elmo, Phase III		150,000				150,000
Cooney Reservoir State Park		250,000		40,000		290,000
Habitat Montana		4,600,000				4,600,000
Fishing Access Site Acquisition		800,000				800,000
Big Horn Sheep Program		652,720				652,720
BPA Mitigation				1,000,000		1,000,000
River Restoration		290,000				290,000
Tongue River Restoration		1,100,000				1,100,000
South Sandstone Dam Repair		264,000				264,000
Ringy Dingy Dam Repair		50,000				50,000
Bearpaw Dam Upgrade		210,000				210,000
Wildlife Habitat Maintenance		377,000				377,000
Property Development and Maintenance		165,000				165,000
Fishing Access Protection, Statewide		625,000		375,000		1,000,000
Waterfowl Stamp Program		185,000				185,000
Statewide Road Maintenance		1,150,000				1,150,000
Miles City Hatchery Pond		110,000				110,000
Thompson Chain of Lakes FAS		200,000				200,000
Boat in Lieu Regional Projects		400,000				400,000
Total Dept. of Fish, Wildlife & Parks	\$0	\$0	\$17,767,240	\$2,745,000	\$0	\$20,512,240

Long-Range Building Program

Table 4 (Continued)
Long-Range Building Program
House Bills 5 and 15
1997 Biennium

Agency	HB 15 Bonded Debt	HB 5 Capital Projects Fund	HB 5 State Special Revenue	HB 5 Federal Special Revenue	HB 5 Other Revenue	Total
Labor & Industry						
Repair/Maintenance Local Job Service Offices				\$110,000		\$110,000
Job Service Office, Havre	\$350,000					350,000
Purchase Land for Job Service Parking, Statewide				156,550		156,550
Total Department of Labor & Industry	\$350,000	\$0	\$0	\$266,550	\$0	\$616,550
Military Affairs						
Repair STARC HVAC		\$258,500				\$258,500
Roof Replacements, Statewide		107,000				107,000
Construct Billings Armory				\$14,009,800		14,009,800
Federal Spending Authority for Maintenance				800,000		800,000
State Veterans' Cemetery, Phase IV			\$75,000	75,000		150,000
Total Department of Military Affairs	\$0	\$365,500	\$75,000	\$14,884,800	\$0	\$15,325,300
Natural Resources & Conservation						
Tongue River Dam Rehabilitation			\$3,500,000	\$31,865,000		\$35,365,000
Petrolia Dam Rehabilitation			1,076,000			1,076,000
Total Dept. of Natural Resources & Conservation	\$0	\$0	\$4,576,000	\$31,865,000	\$0	\$36,441,000
*** State Lands						
Maintenance and Improvements, Statewide		\$336,400				\$336,400
Construct or Purchase, Plains Unit Office		300,000				300,000
Total Department of State Lands	\$0	\$636,400	\$0	\$0	\$0	\$636,400
Transportation						
Repair, Maintenance & Minor Construction			\$1,480,000			\$1,480,000
Equipment Storage Buildings, Statewide			1,820,000			1,820,000
Repair, Maintenance & Construction, Aeronautica			50,000			50,000
Total Department of Transportation	\$0	\$0	\$3,350,000	\$0	\$0	\$3,350,000
University System						
Central Heating Plant, Phase II, MSU - Bozeman	\$3,120,000				\$2,080,000	\$5,200,000
Chemistry Building Renovation, UM - MT Tech	4,536,000				1,509,000	6,045,000
Underground Utilities Expansion, MSU - Bozeman	6,000,000					6,000,000
Pharmacy/Psychology Addition, UM - Missoula	2,000,000				8,400,000	10,400,000
Repair Old Main Steam Traps, UM - Western		\$55,000				55,000
Repair Brockmann Center, MSU - Northern		75,000				75,000
Museum Elevator, UM - MT Tech		350,000				350,000
Replace Primary Electrical System, MSU - Billings		300,000				300,000
Roof Replacements, University System		714,700				714,700
Life Safety/Code Compliance, University System		500,000				500,000
ADA Accessibility Mods, University System		300,000				300,000
Authority Only, MSU					760,000	760,000
Bioscience Facility, MSU - Bozeman				\$10,815,946		10,815,946
Authority Only, UM					1,350,000	1,350,000
Total University System	\$15,656,000	\$2,294,700	\$0	\$10,815,946	\$14,099,000	\$42,865,646
TOTAL APPROPRIATED	\$32,865,240	\$6,885,000	\$25,984,192	\$63,333,296	\$20,273,640	\$149,341,368
Office of Public Instruction						
State advances and reimbursements for school facilities - \$3,500,000 general fund.						
This appropriation is not part of the Long-Range Building Program.						
* These projects will be administered by the new Department of Corrections.						
** These projects will be administered by the new Department of Public Health and Human Services.						
*** These projects will be administered by the Department of Natural Resources and Conservation.						
**** These projects include \$100,000 of lodging facility use tax revenue that is statutorily appropriated.						

* These projects will be administered by the new Department of Corrections.
** These projects will be administered by the new Department of Public Health and Human Services.
*** These projects will be administered by the Department of Natural Resources and Conservation.
**** These projects include \$100,000 of lodging facility use tax revenue that is statutorily appropriated.

House Bill 5

In addition to authorizing \$116.50 million in capital projects, HB 5 includes a number of policy and other directives related to the LRBP, as discussed below.

Maintenance for State Buildings

Section 12 of HB 5 allows the legislature to include funding for maintenance as part of major capital project appropriations. An amount not to exceed 2 percent of a major project's cost may be deposited into the long-range building account to fund future maintenance.

Percent-For-Art

Title 22, Chapter 2, Part 5 of the MCA provides that "...all capital project appropriations by the legislature shall include, as part of the appropriation, an amount not to exceed 1%...for the acquisition of works of art..." Section 13 of HB 5 directs A&E to *minimize* the allocation of funds for art acquisition for capital projects approved by the 1995 Legislature.

Transfer of Funds - Repealed

In an effort to provide funding for capital maintenance, the 1993 legislature included Section 23 of HB 5, which states:

"If the fiscal year 1995 ending cash balance in the general fund is greater than \$30.00 million, then the amount of excess over \$30.00 million up to \$10.00 million is appropriated from the general fund to the capital projects fund."

The 1995 legislature repealed this section, eliminating the contingent transfer of funds. Any excess general fund at fiscal year end 1995 will instead go toward the income tax refund approved in HB 171.

Capitol Restoration Project

The 1995 legislature authorized \$19.60 million in spending for the capitol restoration project -- \$12.60 million in HB 15 and \$7.00 million in HB 5. Bonding authority in HB 15 and \$1.40 million in HB 5 are to be used for infrastructure restoration. The majority of authorization in HB 5 is for funding from private donations (\$5.40 million) to be used for historical restoration. In order to provide maximum flexibility to the Department of Administration (DOA) in financing both infrastructure and historical aspects of the project, Section 2(2) of HB 5 allows the use of Community Transportation Enhancement Program (federal) funds in lieu of private donations should such funds become available. Moreover, DOA is authorized to use federal or bonding authority for historical restoration if available due to reduced costs for infrastructure renovation.

Spring Meadow Wildlife Rehabilitation and Education Center

HB 5 appropriates \$600,000 in state special revenue and \$25,000 in federal special revenue to fund the Spring Meadow project. This funding is to be used to relocate the animal shelter from its existing location to the Spring Meadow Complex on land purchased by a private foundation and donated to the state for this purpose. Although plans for the Spring Meadow Complex include several phases for future consideration, the Long-Range Planning Subcommittee included language in Section 2(4) of HB 5 which states:

"It is not the intent of the subcommittee to encumber any future legislature with regard to additional phases of the project. The project approved in [this act] is to be a stand-alone project."

Dams - Transfer of Ownership

HB 5 appropriates funding for two dam restoration projects contingent upon the state's disposition of ownership and liability responsibilities of the dams. The Department of Fish, Wildlife and Parks is appropriated \$264,000 for repair of the South Sandstone Dam and is directed to ensure that continued public recreational access is included with transfer of ownership. The Department of Natural Resources and Conservation (DNRC) is appropriated \$1.08 million for rehabilitation of Petrolia Dam and is directed to transfer ownership of the dam to the Petrolia Water Users' Association. HB 8 includes a \$358,000 loan to be issued to DNRC and repaid by the Petrolia Water Users as additional funding for this rehabilitation project.

OPI - General Fund Appropriation

HB 5 includes a \$3.50 million general fund appropriation to the Office of Public Instruction to pay for state advances and reimbursements for school facilities.

House Bill 15

HB 15 authorizes the issuance of \$32.90 million worth of general obligation (G.O.) bonds to finance seven capital projects. Information on these projects and any relationship they have to HB 5 is included in Table 4. The Department of Labor and Industry is appropriated \$350,000 to purchase or construct a Job Service Office in Havre, with the debt service to be repaid with federal funds. Authorization for the Pharmacy/Psychology Building Addition project at the University of Montana - Missoula, includes a coordination instruction reducing the \$10.40 million authorization in HB 5 by the \$2.00 million appropriation in HB 15. Except for the debt service incurred for the Job Service Office project, debt service obligations resulting from HB 15 projects are to be paid with coal tax revenues as provided for in HB 19. Because HB 15 authorizes the issuance of debt, it required a two-thirds vote by each house.

House Bill 19

HB 19 reallocates 12 percent of annual coal tax revenues currently being deposited into the highway reconstruction trust fund to the Long-Range Building Program. Higher than anticipated revenues from gasoline and diesel taxes will be used to offset the loss of coal tax money appropriated to the Department of Transportation (DOT). (See the summary on DOT in Section A of this report, Volume I.)

Debt Service

Section 3 of HB 19 states that coal tax revenue deposited into the LRBP account "may be appropriated for the long-range building program or debt service payments on building projects." Debt service for capital projects authorized prior to the 1995 session will continue to be paid from the general fund. HB 19 was passed with the intent that coal tax revenues would be used to service LRBP general obligation debt for new capital projects. Any general obligation bonds issued to finance building projects not fully funded by the coal tax revenue, however, would result in an expense to the general fund as a statutory appropriation under 17-7-502, MCA. Any coal tax revenues in excess of debt service obligations can be used to fund other LRBP projects.

Coal tax allocations to the LRBP account are projected to be \$10.50 million for the 1997 biennium. Three of the bills approved by the 1995 legislature (see Table 3, page F-3) include projects to be funded with coal tax revenue deposited into the LRBP account. House Bills 15 and 585 (Regional Correctional Facilities) authorize the issuance of G.O. debt and HB 584 (Law Enforcement Academy) appropriates \$950,000 from this account. In addition, Section 6 of HB 19 provides for a one-time-only transfer of \$5.20 million from the LRBP account to the general fund in fiscal 1996 "if prior to June 30, 1996, there is sufficient money in the account" to do so. Revenues and expenditures associated with this allocation of coal tax money are included in Table 2. DOA proposes to use capitol land grant revenue to retire approximately \$5.00 million of debt for the capitol restoration project authorized in HB 15.

Long-Range Building Program

Montana State Prison Bonding Authority

The Department of Corrections plans to use \$2.00 million in outstanding bonding authority to relocate the Correctional Boot Camp facility from Swan River to the MSP Campus (Conley Lake). The 1993 legislature approved \$6.70 million in bonding authority for MSP expansion, however, they adopted a proposal by the executive to reduce the amount issued by \$2.00 million in return for legislative support of HB 4 and HB 8 allowing for use of inmate labor for specific MSP projects. (See the LFA *Appropriations Report* for the November 1993 Special Session, page F-2.) The actual bonding authority was not reduced during the November 1993 Session, however, so Department of Corrections still has the authority to issue the bonds. Because this authority was granted prior to the 1995 session, debt service for these bonds will be paid from the general fund statutory appropriation as opposed to coal tax revenues.

Table 5 shows the projected debt service for LRBP general obligation debt including 1995 legislative action.

Table 5
LRBP Debt Service
(In Millions)

Fiscal Year	Current Fiscal Year Total	Estimated New Debt	Estimated Fiscal Year Total
1995	\$14.428	\$0.000	\$14.428
1996	7.682	0.394	8.076
1997	3.981	2.386	6.367
1998	3.777	3.708	7.485
1999	3.664	3.708	7.372
2000	3.640	3.708	7.348
2001	3.479	3.708	7.187
2002	3.482	3.708	7.190
2003	3.476	3.708	7.184
2004	3.171	3.708	6.879
2005	3.152	3.708	6.860
2006	3.144	3.708	6.852
2007	3.149	3.708	6.857
2008	3.150	3.708	6.858
2009	3.303	3.708	7.011
2010	3.394	3.708	7.102
2011	3.411	3.708	7.119
2012	3.417	3.708	7.125
2013	3.428	3.708	7.136
2014	1.772	3.708	5.480
2015	0.135	3.708	3.843
2016	0.000	3.708	3.708
2017	0.000	3.708	3.708
Totals	\$82.234	\$76.940	\$159.174

House Bill 584

HB 584 appropriates \$1.45 million for the Montana Law Enforcement Academy (MLEA) project. This funding will be used for planning, construction, and renovation of the Mountain View School in Helena for the purpose of relocating the MLEA from Bozeman to Helena. The MLEA has been "temporarily" located in modular buildings in Bozeman since 1978. As stated above (See "House Bill 19"), \$950,000 of the total cost will be funded from the LRPB account. The remaining \$500,000 will be obtained through a loan from Lewis and Clark County. The Department of Justice will repay the loan from its operating budget within 10 years, commencing in fiscal 1998.

House Bill 585

HB 585 authorizes the issuance of \$9.00 million in G.O. debt to fund the construction of Regional Correctional and Law Enforcement Facilities in the state. It is intended that approximately \$4.50 million of this authority will be used to fund the construction of a state prison pod as part of the new Cascade County Jail. It is estimated that this facility will accommodate up to 152 state prisoners.

HB 585 requires that the Regional Correctional and Law Enforcement Facilities authorized are "to be developed pursuant to the provisions of House Bill No. 304." HB 304 "provides guidance to the Department of Corrections and Human Services in adopting rules relating to regional correctional facilities." It provides direction to the Department of Corrections on entering into contracts with local governments for the design, financing, construction and operation of these facilities. HB 304 also provides rulemaking authority for the Department of Corrections in terms of site selection and allows the option of working with both local governments and private providers in achieving cost-effect housing for state prisoners.

House Bill 594

HB 594 authorizes the construction of a new Montana State Hospital in Warm Springs in the amount of \$21.00 million. Funding for the project will be obtained through a loan agreement between the Department of Public Health and Human Services (PHHS) and the Montana Health Facility Authority for a term not to exceed 25 years. Principal and interest payments on the loan are to be funded entirely with facility revenues and, according to Section 1(3), "do not constitute a debt of the state or obligate the state to appropriate or apply any funds or revenue of the state, except the facility revenue..."

According to the executive, the total projected debt service cost for the facility is \$39.50 million. PHHS estimates that cost-savings resulting from improved efficiencies will exceed the annual debt service costs once the hospital is completed (by fiscal 1999). Because this project is funded with a loan rather than G.O. debt, HB 594 did not require a two-thirds vote.

House Bill 603

HB 603 was requested by the Long-Range Planning Subcommittee and is considered an "authority only" bill since it does not include an appropriation. The projects authorized in HB 603 are all for the University System. Because these projects will be constructed with in-kind contributions from contractors, HB 603 exempts them from normal LRPB design and construction requirements (Title 18, chapters 2 and 8 of the MCA).

Athletic Complex, MSU - Bozeman

MSU received \$12.00 million in private funding authority to construct an athletic complex including a new football stadium.

Long-Range Building Program

Prescott House, UM - Missoula

HB 603 authorizes a total of \$1.65 million in spending authority consisting of private donations and auxiliary funds. The project will involve renovation of the Prescott House and improvements to Campus Drive. Section 4 of HB 603, however, specifically precludes the University from "substantially altering or changing the configuration of Campus Drive."

UM - Western

HB 603 authorizes two projects at the Western Montana College of the University of Montana including a total of \$450,000 in spending authority of private funds. These projects include: 1) Physical Education Complex Improvements; and 2) Renovation of Vigilante Stadium.

Subcommittee Directive

A&E is responsible for overseeing the maintenance and repair of over 3,100 state buildings and facilities. Requests made to A&E for repair, maintenance, and construction projects for the 1997 biennium totalled over \$327.20 million. In recognition of the overwhelming necessity to address these needs, the Long-Range Planning Subcommittee focused on two key issues: 1) future/increased operations and maintenance costs resulting from approved LRPB projects; and 2) the need to administer the state's LRPB in the most efficient manner possible through enhanced coordination.

In addressing the first concern, the subcommittee required detailed information from agencies in regard to their capital project requests. This information was considered by the subcommittee during executive action.

In regard to the second concern, the subcommittee formally adopted the following statement of intent, per the recommendation of A&E:

"The Architecture & Engineering (A&E) Division shall coordinate a major maintenance plan with all state agencies submitting requests for the 1998-99 biennium through the Long-Range Building Program. Each agency shall participate with A&E to develop the guidelines for such a plan. The plan shall be derived from a standardized evaluation of needs and include the prioritization and cost estimate for each project.

It will be the responsibility of A&E to manage the development of the plan, facilitate coordination of the agencies in that development, and recommend to the Legislature a consolidated maintenance plan with the funds available."

Treasure State Endowment Program

The Treasure State Endowment Program (TSEP) is a state infrastructure financing program approved by Montana voters with the passage of Legislative Referendum 110 in June, 1992. The referendum was referred to the electorate by the legislature in the January 1992 Special Session. According to section 90-6-702, MCA, the purpose of the TSEP is to assist local governments in funding infrastructure projects that will:

- 1) create jobs for Montana residents;
- 2) promote economic growth in Montana by helping to finance the necessary infrastructure;
- 3) encourage local public facility improvements;
- 4) create a partnership between the state and local governments to make necessary public projects affordable;
- 5) support long-term, stable economic growth in Montana;
- 6) protect future generations from undue fiscal burdens caused by financing necessary public works;
- 7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- 8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

Infrastructure projects include: drinking water systems, wastewater treatment, sanitary sewer or storm sewer systems, solid waste disposal and separation systems, and bridges.

Local governments submit funding applications to the Local Government Assistance Division of the Department of Commerce on a biennial basis. TSEP applications are evaluated according to a two-step process, they are ranked according to: 1) ten statutory priorities; and 2) relative financial need. The ten statutory priorities are for projects that:

- 1) solve urgent and serious public health or safety problems;
- 2) enable local governments to meet state or federal health or safety standards;
- 3) incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
- 4) result in a benefit to the public commensurate with the amount of financial assistance requested;
- 5) reflect greater need for financial assistance than other projects;
- 6) enable local governments to obtain funds from sources other than TSEP;
- 7) provide long-term, full-time job opportunities for Montanans;
- 8) provide public facilities necessary for the expansion of a business that has a high potential for financial success;
- 9) maintain or do not discourage expansion of the tax base; and
- 10) are high local priorities and have strong community support.

Department of Commerce funding recommendations are made on a competitive basis for applicants demonstrating serious need and limited financial capacity. All financial assistance awards must be approved by the legislature, as stated in Title 90, Chapter 6, Part 7 of the MCA.

Funding

In July, 1993, \$10.00 million was transferred from the coal severance tax permanent fund to the Treasure State Endowment Trust. The trust is also to receive 50 percent of coal severance tax revenues deposited into the permanent fund through fiscal 2013. Funding for the program comes from investment earnings on the Treasure State Endowment Trust, which are deposited into a TSEP state special revenue account. The 1993 legislature authorized Department of Commerce to borrow money from the Board of Investments (BOI) to begin TSEP, resulting in a \$4.13 million loan to be repaid over 7 years.

Table 1 shows the projected funding for the Treasure State Endowment Program for the 1997 biennium. Expenditure amounts are provided by Department of Commerce and projected revenues are based on assumptions adopted by the 1995 legislature in HJR 9.

Table 1
Treasure State Endowment Program
Fund Balance Projection, 1997 Biennium

*Estimated Beginning Fund Balance	\$1,405,826
Revenues	
Fiscal 1996 Interest	\$2,626,962
Fiscal 1997 Interest	3,510,824
	<u>\$6,137,786</u>
Total Funds Available	\$7,543,612
Expenditures	
Administration	\$525,398
BOI Loan Repayments	1,285,961
	<u>\$1,811,359</u>
Total Expenditures	
Funds Available For Grants and Loans	\$5,732,253
Less Grants Appropriated	4,991,029
*Estimated Ending Fund Balance	<u>\$741,224</u>

*Adjusted for long-term debt.

NOTE: Revenue projections are calculated according to the assumptions adopted in HJR 9.

House Bill 11

Table 2 lists the grant awards appropriated by the 1995 legislature in HB 11, for a total of \$4.99 million. Awards are listed in priority order and will be funded accordingly. TSEP has a policy requiring local governments to provide at least a 50 percent match. Most applicants include loans from other sources as part of their matching funds and cannot afford additional loan payments. Consequently, Department of Commerce received no loan requests for the 1997 biennium so all of the appropriations listed are for grant funding.

Table 2
Treasure State Endowment Program
1997 Biennium Project Grants

Rank	Applicant	Project Type	Grant Appropriated	Cumulative Total
01	Hill County Water District	Water	\$500,000	\$500,000
02	East Glacier Water & Sewer District	Water	306,555	806,555
03	City of Lewistown	Water	500,000	1,306,555
04	City of Troy	Sewer	500,000	1,806,555
05	City of Conrad	Water	180,000	1,986,555
06	City of Whitehall	Water	500,000	2,486,555
07	Seeley Lake Water District	Water	464,364	2,950,919
08	City of Hamilton	Sewer	137,632	3,088,551
09	Gardiner Water District	Water	300,000	3,388,551
10	City of Thompson Falls	Sewer	400,644	3,789,195
11	Butte-Silver Bow Government	Sewer	500,000	4,289,195
12	Beaverhead County	Bridge	23,000	4,312,195
13	Powell County	Bridge	51,334	4,363,529
14	Town of Fairview	Water	500,000	4,863,529
15	Town of Hysham	Sewer	127,500	4,991,029
Totals			<u>\$4,991,029</u>	<u>\$4,991,029</u>

Legislative Concerns

During the hearings on HB 11, concerns were raised by the legislature regarding the financial need analysis used in evaluating TSEP funding applications. Applicants with financial capacity -- those who are able to borrow funds from other sources at reasonably affordable rates -- scored lower than other applicants and in some cases were not recommended for funding. Opponents of the policy contend that communities who have managed their public facilities responsibly and maintained low rates are penalized for their borrowing capacity. In response to these concerns, the Long-Range Planning Subcommittee formally adopted the following recommendations submitted by Department of Commerce's Local Government Assistance Division staff:

- 1) Department of Commerce will strive to clarify the role of financial need analysis in the evaluation process through their application guidelines and community workshops.
- 2) To recognize TSEP applicants' fiscal responsibility, "community efforts" will be incorporated with evaluation of the fourth statutory priority (projects that result in a benefit to the public commensurate with the amount of financial assistance requested.) Using guidelines for the Community Development Block Grant Program, "community efforts" criterion will consider such factors as communities' long-term commitment to capital improvement planning and their reasonable operation and maintenance budgets and practices.

Oil Overcharge Funds

Oil overcharge funds are allocated to the state by the federal Department of Energy (DOE) as a result of federal court action requiring certain oil producers to pay restitution for violation of federal oil price and allocation controls that occurred between 1973 and 1981. These funds cannot be used to replace state funds and may only be used for programs authorized under federal law. The state uses the oil overcharge money to supplement state and federal programs administered by the state, in a manner consistent with federal court orders (section 90-4-210, MCA). States must use the funds to assist those who were harmed. Eligible programs include:

- 1) low income energy assistance;
- 2) low income weatherization;
- 3) institutional weatherization;
- 4) energy extension service;
- 5) state energy conservation;
- 6) highway and bridge maintenance and repair;
- 7) ride sharing;
- 8) public transportation;
- 9) residential or commercial building energy audits;
- 10) grant or loan programs for weatherizing or energy conservation equipment installation;
- 11) energy assistance;
- 12) airport maintenance or improvement;
- 13) reduction in airport user fees; and
- 14) energy conservation or energy research offices or admission.

Each biennium, agencies submit proposals to the Office of Budget and Program Planning (OBPP) for energy conservation projects and programs. These proposals are reviewed by a committee of state and local government officials, who make recommendations to the Governor. The Governor's funding recommendations are then submitted to the legislature. The Governor must sign assurances to the court and to DOE that allocated funds will be expended according to the established criteria. The director of each agency receiving oil overcharge funds is responsible for ensuring that expenditure and tracking of the funds are consistent with legislative intent and the court settlement agreements. The Governor has assigned the Energy Division of the Department of Environmental Quality (DEQ) the task of submitting proposals to DOE and the court for review and approval. DEQ is also responsible for producing an annual report on the allocation and expenditures of oil overcharge funds. These responsibilities were assigned to the Department of Natural Resources and Conservation (DNRC) prior to agency reorganization under SB 234 passed during the 1995 session.

The state has received a total of \$19.3 million in oil overcharge funds with interest earnings of \$4.9 million since the program began. Of the \$24.2 million available, the state has appropriated \$23.0 million and spent \$19.2 million through fiscal 1994. Approximately \$10.2 million has been appropriated to the Department of Social and Rehabilitation Services (SRS) to fund low-income energy assistance and home weatherization programs. Due to reorganization legislation, SRS is now the Department of Public Health and Human Services (PHHS).

House Bill 10

HB 10 includes \$385,000 in new appropriations, as shown in Table 1. All appropriations are to be made from the stripper well payments deposited in a federal special revenue fund for the following programs:

- 1) Energy Share - The first funding priority is \$25,000 each year to PHHS to provide weatherization and fuel bill assistance to persons with income below 150 percent of the federal poverty threshold as published by the U.S. Bureau of the Census. This money will be matched with private contributions to Energy Share of Montana, Inc., to assist persons who are not eligible for federally funded programs such as the Weatherization Assistance Program or the Low-Income Home Energy Assistance Program.

The recommended funding level is half of the \$100,000 appropriated for Energy Share by the 1993 legislature. According to the "Montana's Oil Overcharge Restitution Programs Report" for fiscal 1994, published by DNRC, Energy Share combined \$50,000 of oil overcharge funds with private contributions to serve 195 households.

2) Petroleum Substitutes From Agricultural Products - DEQ is appropriated \$10,000 for the biennium to foster expanded use of alternative transportation fuels derived from agricultural products that may reduce petroleum consumption, produce environmental benefits to Montana, and result in potential new cash crops for Montana farmers. Money expended under this appropriation must be matched at least dollar for dollar with private or federal revenue, or both. This appropriation is the second funding priority for oil overcharge funds.

3) Institutional Conservation Program - The third funding priority is an appropriation to DEQ up to \$200,000 to fund the Institutional Conservation Program (ICP) for schools and hospitals, a program administered by DEQ in accordance with federal law. ICP funds can be used to leverage nonfederal funding sources such as private sector contributions. ICP money is used to perform technical assistance studies and to fund energy efficiency projects.

The 1993 legislature also appropriated a maximum of \$200,000 for the ICP.

4) Northern Montana College (NMC) Tractor Resource Center - Montana State University - Northern in Havre receives the fourth funding priority in the amount of \$125,000 for the biennium. This appropriation is to support the ongoing activities of the Center. Unless pending litigation is settled, however, it is not likely that NMC will receive funding during the 1997 biennium.

The 1993 legislature also appropriated \$125,000 to the NMC Tractor Resource Center, with the understanding that the Center would become self-sufficient. Due to insufficient oil overcharge revenue, however, only half of that amount (\$62,500) was received during the 1995 biennium.

These programs are presented in priority order and are to be funded accordingly. DEQ estimates that \$250,000 of revenue and interest earnings to the stripper well account will be available to finance the new appropriations contained in HB 10. Although additional revenues may become available as a result of future settlements, the timing and related amounts of such settlements remain highly uncertain. Unless additional payments are submitted to the state by DOE, the appropriations in HB 10 of \$385,000 will not be fulfilled.

Table 1
Oil Overcharge Appropriations
1997 Biennium

Stripper Well Overcharge Account

Agency	Project	Amount
SRS	Energy Share of Montana, Inc.	\$50,000
DEQ	Petroleum Substitutes	10,000
DEQ	Institutional Conservation Program	200,000
DEQ	NMC Tractor Resource Center	<u>125,000</u>
	Total Appropriations	<u>\$385,000</u>

Oil Overcharge Funds

HB 10 also includes \$192,300 in carryover or reappropriated oil overcharge funds. \$86,500 is reappropriated to DEQ to fund the State Energy Conservation Program (SECP) and \$105,800 to fund the ICP. By law, if funding is still available, it must be reappropriated to the programs for which it was intended.

During the 1995 biennium, stripper well oil overcharge payments fell short of the amount projected due to a delay in the settlement of litigation. Consequently, appropriations made by the 1993 legislature exceeded the funds available for distribution. OBPP notified fund recipients of the shortfall in fiscal 1994.

House Bill 12

HB 12 authorizes the issuance of \$5.5 million in general obligation bonds to fund the SECP. These bonds are used to pay for energy efficiency improvements and the energy cost-savings are used to pay debt service obligations on the bonds. Since the SECP was established by the 1989 legislature, 18 retrofit projects have been completed and several others are in progress. HB 12 includes 13 projects for state-owned buildings located throughout the state, including a retrofit project at MSU - Northern to be conducted as a pilot project using performance contracting.

HB 12 appropriates \$625,000 from the bond proceeds to DEQ to fund engineering analysis, design work, and administration of the SECP. It also reappropriates \$100,000 in oil overcharge money to DEQ for this same purpose. This appropriation has priority over any other stripper well payments for the 1997 biennium, including those provided for in HB 10.

The 1993 legislature approved \$3.0 million in general obligation bonds for the SECP. The increase to \$5.5 million was recommended as a directive from the legislature to DEQ to enhance the program.

Resource Indemnity Trust Interest Accounts

The Renewable Resource Grant and Loan Program (RRGL) and the Reclamation and Development Grant Program (RDGP) are funded with interest earned on the Resource Indemnity Trust (RIT). The RIT has received income from two sources: 1) the resource indemnity and ground water assessment tax (RIGWAT), and 2) the license tax on metalliferous mines. Beginning in fiscal 1996, however, the Trust will receive income from RIGWAT and from oil and gas tax revenues. The Department of Natural Resources and Conservation (DNRC) summary in Section C, Volume II and the Resource Indemnity Trust Fund summary in the Revenue section, Volume I provide detailed information on the allocation and expenditure of RIT proceeds and RIT interest earnings.

Table 1 shows the projected revenues available for the RRGL and RDGP. Projections are based on the assumptions adopted by the 1995 legislature in HJR 9.

Table 1
Renewable Resource Grant and Loan Program
and Reclamation and Development Grant Program
1997 Biennium Funding
(In Millions)

RIGWAT Proceeds Projections			
	Fiscal 1995	Fiscal 1996	Fiscal 1997
RIGWAT and Oil and Gas Tax Proceeds	\$2.980	\$3.777	\$3.063
Metal Mine Tax Proceeds	0.684	0.000	0.000
Deposits To RIT Trust	2.350	1.733	1.406
 RIT Trust Balance	 \$91.664	 \$93.396	 \$94.802
RIT Trust Investment Income Projections			
	Fiscal 1995	Fiscal 1996	Fiscal 1997
Interest Income By Fiscal Year	\$7.752	\$7.684	\$7.699
 Total for 1997 Biennium	 	 	 \$15.383
1997 Biennium Allocation of RIT Investment Income			
Interest Income Available		\$15.383	
 Statutory Appropriations			
Environmental Contingency Account	\$0.175		
Oil & Gas Production Damage Mitigation Account	0.050		
Renewable Resource Grant & Loan Program	2.000		
Reclamation & Development Grants	3.000		
Water Storage Account	0.500		
Total		\$5.725	
 Amount Available For Further Distribution	 	 	 \$9.658
NOTE: Revenue projections are calculated according to the assumptions adopted in HJR 9.			

House Bills 6 and 8

House Bills 6 and 8 appropriate funding for the RRGL. This program is funded from the renewable resource grant and loan account, which was created by the 1993 legislature. The RRGL combines the former Renewable Resource Development Program, established in 1975, and the Water Development Program, established in 1981. Funds in the account are used for operation and maintenance of state-owned water projects and works, program administrative costs, and grants and loans for projects that enhance renewable resources in the state.

The purpose of the RRGL is "to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources" (85-1-602, MCA). In accordance with statute, grants or loans may be provided to fund:

- 1) feasibility, design, research, and resource assessment studies;
- 2) preparation of construction, rehabilitation, or production plans; and
- 3) construction, rehabilitation, production, education, or other implementation efforts.

The RRGL is administered by the DNRC. Renewable resource grant and loan applications are submitted on a biennial basis. DNRC and a technical review team initially evaluate each application for economic and technical feasibility, as well as to ensure that proposed projects are located in Montana. Qualifying applications are then examined according to six criteria: 1) financial feasibility; 2) adverse environmental impact; 3) technical merit; 4) public benefit; 5) need; and 6) urgency. DNRC submits a list of funding recommendations to the Governor, who reviews the list and submits his/her recommendations to the legislature.

Grants and loans are made to both public entities and private persons. Loans made under the RRGL are financed with coal severance tax backed state bonds and grants are funded with RIT investment income.

Beginning in fiscal 1996, \$2.00 million of RIT investment income is to be deposited into the renewable resource grant and loan account for the purpose of making grants [(15-38-202(2)(b)(iii), MCA]. As Table 1 shows, \$2.00 million for RRGL grants is one of the specific allocations of RIT investment income provided for in statute.

In addition to regular grant and loan awards, DNRC may request up to 10 percent of the grant funds available and up to \$1.00 million for loans, in a biennium, to be used for emergencies [85-1-605(4), MCA]. Table 2 lists the grant (HB 6) and loan (HB 8) appropriations in priority order.

Table 2
Renewable Resource Grant and Loan Program
1997 Biennium
House Bills 6 & 8

Project Sponsor (Project Title)		HB 6 Grant Appropriated	HB 8 Loan Appropriated	Cumulative Grant Appropriated
Department of Natural Resources and Conservation (Emergency Grants)		\$125,000		\$125,000
Department of Natural Resources and Conservation (Private Grants)		100,000		225,000
Grants and Loans to Governmental Entities				
Rank	Project Sponsor (Project Title)	HB 6 Grant Appropriated	HB 8 Loan Appropriated	Cumulative Grant Appropriated
01	Fallon County (Lower Baker Spillway Construction and Cleaning)	\$31,743		\$256,743
02	Conrad, City of (Reconstruct Outlet Conduit on Lake Francis East Dam)	50,000	\$50,000	306,743
03	Lewistown, City of (Water System Improvements)	100,000		406,743
04	Department of Natural Resources and Conservation (Deadman's Basin Water Quality Improvement Project)	47,919	111,081	454,662
05	Montana Tech of the University of Montana (Groundwater Protection and Education, Rural Schools)	84,560		539,222
06	Greenfields Irrigation District (Main Canal Flow Control System)	50,000	50,000	589,222
07	Lewis and Clark County (Helena Area Bedrock Aquifer Assessment)	100,000		689,222
08	Missoula County (Conservation of Riparian Areas Model Project)	100,000		789,222
09	Thompson Falls, City of (Water Engineering Study)	51,820		841,042
10	Bozeman, City of (Separator Waste Collection Facility)	50,000	158,850	891,042
11	Governor's Office - Flathead Basin Commission (Flathead Lake-Watershed Management Plan)	100,000		991,042
12	Department of Natural Resources and Conservation (Flint Creek Return Flow Study)	100,000		1,091,042
13	Butte-Silver Bow Local Government (Big Hole River Water Transmission Line Replacement)	100,000		1,191,042
14	Montana Tech of the University of Montana (Hydrologic Evaluation, Florence and Seeley Lake)	95,422		1,286,464
15	Chouteau and Fergus Counties (PN Bridge - Campground)	50,000		1,336,464

Table 2 (Continued)
Renewable Resource Grant and Loan Program
1997 Biennium
House Bills 6 & 8

	Project Sponsor (Project Title)	HB 6 Grant Appropriated	HB 8 Loan Appropriated	Cumulative Grant Appropriated
16	Libby Area Conservancy District (Libby-Granite-Cherry Creek Flood Control Plan)	35,000		1,371,464
17	Department of Fish, Wildlife and Parks (Assessment of Aquatic Resources in the Blackfoot Basin)	100,000		1,471,464
18	Hysham, Town of (Sewer System Improvements)	50,000	200,000	1,521,464
19	Fairview, Town of (Water System Improvements)	100,000		1,621,464
20	Madison Conservation District (Willow Creek Water Resource Management System)	25,000		1,646,464
21	Manhattan, Town of (Manhattan Water System)	50,000	50,000	1,696,464
22	Granite Conservation District (Upper Clark Fork River Basin Water Management Plan)	64,740		1,761,204
23	Jackson Water and Sewer District (Geothermal Development Feasibility Study)	25,000		1,786,204
24	Sun River Water Users Association (Sun River Water System)	50,000	250,000	1,836,204
25	Lincoln Lewis and Clark Sewer District (Lincoln Wastewater System Study and Upgrade)	15,000		1,851,204
26	Department of Natural Resources and Conservation (Fort Peck Rural Water District)	30,000		1,881,204
27	Department of Natural Resources and Conservation (North Central Regional Pipeline)	30,000		1,911,204
Totals		\$1,911,204	\$869,931	\$1,911,204

New Coal Severance Tax Loans

Hill County Water District (Water Treatment System)	\$400,000
Whitehall, Town of (Water System Improvements)	400,000
Department of Natural Resources and Conservation (Petrolia Dam)	358,000
Total Loans Approved	\$2,027,931

Excess Funds

Section 4 of HB 6 was amended to read:

"Any funds in excess of the amount appropriated for grants under [Sections 1 through 3] are available for appropriation for authorized purposes from the renewable resource grant and loan state special revenue account."

This amendment allows DNRC to disburse funds in the renewable resource grant and loan account for expenditures other than grants. As shown in Table 2, the total amount of grants appropriated in HB 6 is \$1.91 million or approximately \$89,000 less than the \$2.00 million statutory allocation. Moreover, HB 6 rescinds a grant for \$150,000 approved by the 1993 legislature for the "Camas Therapy Center" project in the town of Hot Springs. Consequently, \$239,000 is available for "other authorized expenditures" such as administrative costs.

Policy Directive

In administering the RRGL Program, DNRC's policy has been to limit grant awards to no more than 25 percent of the estimated project cost, up to \$50,000, for applicants that have the ability to finance projects from other sources such as fees for services or tax revenues. Although DNRC acknowledges that financial need should be considered as a funding criteria, they recommended to the Long-Range Planning Subcommittee that the existing policy may serve as a disincentive in attracting projects that best support the purpose of the Program -- to enhance Montana's renewable resources. In response, the subcommittee formally voted to recommend that DNRC eliminate the policy limiting grants to no more than 25 percent of the total project cost up to \$50,000.

House Bill 7

The Reclamation and Development Grant Program was established by the 1987 legislature:

to fund projects that indemnify the people of the state for the effects of mineral development on public resources and that meet other crucial needs serving the public interest and the total environment of the citizens of Montana, (section 90-2-1102, MCA).

As provided in statute, the purposes of the Reclamation and Development Grant Program are to:

- 1) repair, reclaim, and mitigate environmental damage to public resources from non-renewable resource extraction; and
- 2) develop and ensure the quality of public resources for the benefit of all Montana citizens.

The RDGP, also administered by DNRC, solicits, evaluates, and ranks each application on a biennial basis. Applications are evaluated according to specific criteria related to: 1) public benefit; 2) need and urgency; 3) appropriateness of technical design; 4) financial feasibility; and 5) project management/organization. DNRC forwards a list of recommendations to the Governor, who reviews the list and submits funding recommendations to the legislature.

The 1993 legislature statutorily designated \$3.00 million in RIT investment income for RDGP grants [section 15-38-202(2)(a)(iv), MCA]. This amount is reflected in Table 1. Table 3 lists the grants appropriated in HB 7 by priority ranking.

Resource Indemnity Trust Interest Accounts

Table 3
Reclamation and Development Grants
1997 Biennium
House Bill 7

Rank	Project Sponsor (Project Title)	Amount Appropriated	Cumulative Total Appropriated
01	Department of Natural Resources and Conservation (Abandoned Mine Reclamation Project)	\$300,000	\$300,000
02	Montana Board of Oil and Gas Conservation (Devil's Basin: Plug, Abandonment, and Restoration)	300,000	600,000
03	Montana Board of Oil and Gas Conservation (South Cut Bank Field - A : Plug, Abandonment, and Rest.)	300,000	900,000
04	Montana Board of Oil and Gas Conservation (South Cut Bank Field - B : Plug, Abandonment and, Rest.)	300,000	1,200,000
05	*Department of State Lands (Oil Well Abandonment)	183,260	1,383,260
06	Lewis & Clark County / City of Helena (Tenmile Mine Site Reclamation Project)	75,000	1,458,260
07	Montana State University (Clean Tailings Reclamation)	100,000	1,558,260
08	Cascade County Conservation District (Muddy Creek Water Quality Improvement)	300,000	1,858,260
09	**Department of Health and Environmental Sciences (Nonpoint Pollution Control)	300,000	2,158,260
10	Butte-Silver Bow Local Government (Upper Clark Fork Basin: Superfund Tech. Assist.)	93,622	2,251,882
11	Montana State University Extension Service (Pollution Prevention Program)	59,625	2,311,507
12	Glacier County Conservation District (Water Quality Demonstration & Reclamation, Red River)	150,000	2,461,507
13	Toole County (North Toole County Reclamation Project)	295,246	2,756,753
14	*Department of State Lands (Scobey Reclamation Site)	11,000	2,767,753
15	Petroleum County Conservation District (Petroleum County Artesian Basin Groundwater Project)	300,000	3,067,753
Totals		<u>\$3,067,753</u>	<u>\$3,067,753</u>

*These projects will be sponsored by the Department of Natural Resources and Conservation.
 **This project will be sponsored by the new Department of Environmental Quality.

Cultural and Aesthetic Grant Program

The Cultural and Aesthetic Grant Program, administered by the Montana Arts Council (MAC), is funded by the interest from a non-expendable trust which receives coal severance tax revenues. By statute, the interest from the Cultural Trust is to be appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects in accordance with Title 15, Chapter 35, Part 1 of the MCA.

Grant applications for cultural and aesthetic projects are submitted to MAC on a biennial basis. Eligible applicants include the state of Montana, regional, county, city, town, or Indian tribal governments. Each application is reviewed by a 16-member Cultural and Aesthetic Projects Advisory Committee (CAPAC), with eight members appointed by the Montana Arts Council and eight appointed by the Montana Historical Society. CAPAC prioritizes the requests and makes funding recommendations to the legislature as part of the Executive Budget. All grants require legislative approval in accordance with Title 22, Chapter 2, Part 3 of the MCA.

Table 1 details the history of the Cultural and Aesthetic Projects Account since its inception.

Table 1 History of Cultural and Aesthetic Grant Account			
Biennium	Funds Appropriated	Funds Expended	Number of Projects
1979	\$50,000	\$50,000	1
1981	140,000	140,000	3
1983	641,680	602,042	15
1985	823,479	810,704	39
1987	1,476,511	1,414,114	63
1989	1,211,817	1,099,290	53
1991	1,298,788	1,184,661	65
1993	1,551,323	1,531,239	88
1995	1,706,735	N/A	93
1997	846,926	N/A	73

N/A = Not Available

Funding

Table 2 shows the projected funding for the Cultural and Aesthetic Grant Program for the 1997 biennium. Revenue estimates shown are calculated according to assumptions adopted by the 1995 legislature in HJR 9. The projected negative beginning fund balance is due to revenue shortfalls during the 1995 biennium, which resulted in a number of grants being reduced. HB 9 authorizes the use of revenues earned during the 1997 biennium to cover any additional deficiencies beyond the reductions already realized. HB 9 also appropriates \$15,000 for the care and conservation of capitol complex artwork and a total of \$567,720 in grants for 73 different projects. Moreover, HB 9 appropriates up to \$11,000 from money that may revert from the grant awards to be used by MAC for project evaluations.

Cultural and Aesthetics Grant Program

As shown in Table 2, \$264,206 is also appropriated from the cultural and aesthetic project account for partial funding of MAC's administrative costs and for the Rural Arts and Folklife programs. This appropriation is provided for in HB 2. (For more information on these programs, refer to the Montana Arts Council summary in Section D of this report, Volume II.)

The ending fund balance of \$164,039 is intended to serve as a "cushion" in case of insufficient revenues.

Table 2
Cultural & Aesthetic Projects Account
Fund Balance Projection, 1997 Biennium

Estimated Beginning Fund Balance	(\$27,100)
Revenues	
Fiscal 1996 Interest	\$512,082
Fiscal 1997 Interest	<u>525,983</u>
Total Funds Available	\$1,010,965
Expenditures	
Administration	\$142,768
Rural Arts & Folklife Program	121,438
Capitol Mural Restoration	15,000
Grants	<u>567,720</u>
Total Expenditures	<u>846,926</u>
*Estimated Ending Fund Balance	<u>\$164,039</u>

*If funds are available, HB 9 also appropriates \$11,000 to MAC for project evaluations.

NOTE: Revenue projections are calculated according to the assumptions adopted in HJR 9.

House Bill 9

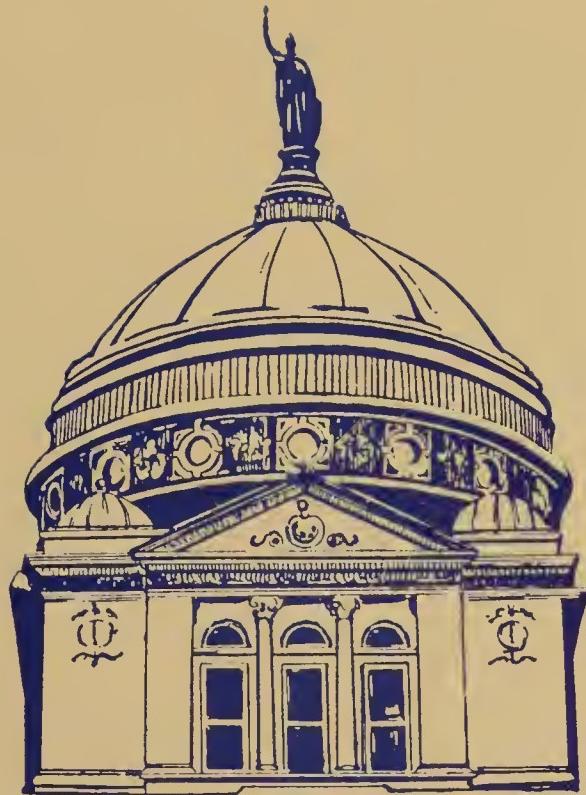
The grants approved in HB 9 for the 1997 biennium are listed in Table 3 and, in accordance with statute, the awards are presented in five specific grant categories. Awards are also prioritized within each group, as presented in Table 3, and a cumulative total is provided in the right-hand column. Although the grants are prioritized, revenue shortfalls would not result in any of the awards being eliminated. Any decreased appropriations would be prorated among all of the recipients.

Table 3
Cultural & Aesthetic Grants
1997 Biennium

Rank	Grant No.	Sponsor	Appropriation	Cumulative Total
Special Projects - \$4,500 or Less				
01	619	Garden City Ballet Company	\$3,000	\$3,000
02	663	Montana Preservation Alliance	3,900	6,900
03	676	Carbon County Historical Society	2,500	9,400
04	640	Montana Agricultural Center & Museum	3,000	12,400
05	639	Montana Players, Inc.	3,000	15,400
06	633	Clack Museum Foundation	4,000	19,400
Special Projects				
01	625	Montana Committee for Humanities	\$24,000	\$43,400
02	632	Western Heritage Center	9,000	52,400
03	666	Vigilante Theatre Company	9,500	61,900
04	675	Northern Lights Institute	7,500	69,400
05	642	Montana Historical Society-Statewide	27,000	96,400
06	662	Montana Arts Foundation	19,000	115,400
07	655	Montana Arts Council - Tribal Art	8,000	123,400
08	624	Writer's Voice of Billings YMCA	9,000	132,400
09	664	Montana Performing Arts Consortium	20,000	152,400
10	656	Hockaday Center for the Arts	9,000	161,400
11	626	Alberta Bair Theater	7,000	168,400
12	620	MSU Libraries	4,500	172,900
13	668	Montanans for Quality TV	5,500	178,400
14	694	Metis Cultural Recovery, Inc.	9,000	187,400
15	688	Hellgate Writers, Inc.	9,000	196,400
16	689	Young Audiences of Western MT	6,000	202,400
17	683	Rattlesnake Productions, Inc.	13,000	215,400
18	636	Montana Historical Society-Campbell	8,500	223,900
19	627	Missoula Community Access TV	3,000	226,900
20	674	MonDak Historical & Arts Society	2,000	228,900
21	658	MSU KGLT-FM	7,000	235,900
22	672	MSU Montana Public Television	15,000	250,900
23	693	Paris Gibson Square Museum of Art	3,000	253,900
24	695	Very Special Arts Montana	4,000	257,900
25	622	Copper Village Museum & Arts	3,000	260,900
26	660	UM Montana Transport Company	4,000	264,900
27	673	Bozeman Public Library	7,000	271,900
28	623	Helena Art Center	4,500	276,400
29	635	Helena Symphony Society	3,500	279,900
30	690	Beall Park Art Center	1,000	280,900
31	705	Butte Symphony Orchestra	4,000	284,900
32	641	Northern Showcase	2,500	287,400
33	704	Montana Indian Contemporary Arts	5,000	292,400
34	708	Glacier Orchestra & Chorale, Inc.	6,000	298,400
35	650	Fort Belknap College	5,500	303,900
36	643	Missoula Symphony Association	2,000	305,900
37	692	Great Falls Symphony Association	8,770	314,670
38	707	Montana Assn. Symphony Orchestras	20,000	325,900

Table 3 (Continued)
Cultural & Aesthetic Grants
1997 Biennium

Rank	Grant No.	Sponsor	Appropriation	Cumulative Total
Operational Support				
01	648	MSU Shakespeare in the Parks	\$26,000	\$351,900
02	634	Helena Presents	19,000	370,900
03	618	Montana Art Gallery Directors Assn.	18,000	388,900
04	696	Custer County Art Center	14,000	402,900
05	703	Montana Alliance for Arts Education	4,000	406,900
06	698	Livingston Depot Foundation	3,000	409,900
07	665	Montana Dance Arts Assn.	3,000	412,900
08	629	Growth Thru Art, Inc.	6,000	418,900
09	617	UM Montana Repertory Theater	10,000	428,900
10	637	Montana Chorale	2,500	431,400
Capital Expenditure				
01	667	Indian Monument	\$5,000	\$436,400
02	647	Butte Center for the Performing Arts	15,000	451,400
03	706	Fort Peck Fine Arts Council	4,500	455,900
04	644	Yellowstone Art Center	10,000	465,900
05	685	Butte-Silver Bow Arts Foundation	12,000	477,900
06	684	Missoula Children's Theatre	7,500	485,400
07	628	Garnet Preservation Association	3,000	488,400
08	638	Archie Bray Foundation	10,000	498,400
09	700	Arlee Historical Society, Inc.	3,500	501,900
10	702	CM Russell Museum - Exalted Ruler	25,000	526,900
11	651	Historical Museum at Fort Missoula	3,000	529,900
12	670	Prairie Winds Arts Council	6,000	535,900
13	649	Beaverhead Development Corp.	5,000	540,900
14	678	Blaine County Wildlife Museum	5,000	545,900
15	630	Three Forks Area Historical Society	550	546,450
Endowment Development				
01	701	Billings Preservation Society	\$5,000	\$551,450
02	682	Billings Studio Theatre	2,500	553,950
03	653	Gallatin County Historical Society	2,500	556,450
04	687	Billings Symphony Society	2,500	558,950
TOTALS:			\$567,720	\$567,720



**GENERAL
APPROPRIATIONS ACT
HOUSE BILL 2**

1

2

3

4

5

6

AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE BIENNIAL ENDING JUNE 30, 1997; AND PROVIDING AN EFFECTIVE DATE.

7

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

8

Section 1. Short title. [This act] may be cited as "The General Appropriations Act of 1995".

Section 2. First level expenditures. The agency and program appropriation tables in the legislative fiscal analyst narrative accompanying this bill, showing first level expenditures and funding for the 1997 biennium, are adopted as legislative intent.

Section 3. Severability. If any section, subsection, sentence, clause, or phrase of [this act] is for any reason held unconstitutional, the decision does not affect the validity of the remaining portions of [this act].

Section 4. Legislative audit costs. Amounts appropriated to pay audit costs may be transferred between fiscal years. Agencies shall reserve enough cash in each fund and shall, to the maximum extent allowable under federal regulations, charge audit costs to federal funds.

Section 5. Technical allocation costs. (1) For agencies with internal cost allocation plans that are funded with proprietary revenue, the budget director shall adjust agency appropriations by amounts that are necessary to increase the budgets for indirect costs that are attributable to pay increases in an agency's indirect cost pool appropriated in the state pay plan bill. Funding for this appropriation consists of general fund money and other funds in an amount proportionate to the funding allocated for budgeting indirect cost assessments in [this act].

(2) For the agency line item appropriations for legislative audit, there is appropriated an increase equal to the amount appropriated from the legislative auditor's special revenue fund for state pay plan funding. The budget director shall allocate this appropriation on the same basis that current line items for legislative audit in agency budgets are allocated in [this act].

Section 6. Appropriation control. An appropriation item designated as "Biennial" may be spent in either year of the biennium. An appropriation item designated "Restricted" may be used during the biennium only for the purpose designated by its title and as presented to the legislature. An appropriation item designated "One Time Only" or "OTO" may not be included in the present law base for the 1999 biennium. The office of budget and program planning shall establish a separate appropriation on the statewide budgeting and accounting system for any item designated as "Biennial", "Restricted", "One Time Only", or "OTO". The

HOUSE BILL NO. 2

REORGANIZATION REFERENCE COPY

1 office of budget and program planning shall establish at least one appropriation on the statewide budgeting and accounting system for any appropriation that appears
2 as a separate line item in [this act].

3 **Section 7. Program definition.** As used in [this act], "program" has the same meaning as defined in 17-7-102, is consistent with the management and
4 accountability structure established on the statewide budgeting and accounting system, and is identified as a major subdivision of an agency ordinarily numbered
5 with an arabic numeral.

6 **Section 8. Personal services funding -- 1999 biennium.** (1) Except as provided in subsection (2), present law and new proposal funding budget requests
7 for the 1999 biennium submitted under Title 17, chapter 7, part 1, by each executive, judicial, and legislative branch agency must include funding of first level
8 personal services separate from funding of other expenditures. The funding of first level personal services by accounting entity for each fiscal year must be
9 shown for each control variable in the budget request for the 1999 biennium submitted by October 30 to the legislative fiscal analyst by the office of budget and
10 program planning.

11 (2) The provisions of subsection (1) do not apply to the Montana university system.

12 **Section 9. Personal services -- workers' compensation costs.** Appropriations for personal services in [this act] for each executive branch agency
13 (including those headed by an elected official) in each year of the biennium are reduced by the difference between amounts appropriated, by fund type, for workers'
14 compensation costs and actual costs based upon rates established by the state mutual compensation fund, as determined by the budget director. The budget director
15 shall submit all documentation of calculations used to determine the difference in workers' compensation costs in each year to the legislative fiscal analyst within
16 10 days of final calculation. The calculation may not include a reduction that is based on an experience modification factor.

17 **Section 10. Performance-based budgeting pilot projects.** (1) The executive branch is encouraged to expand the current performance-based budgeting pilot
18 project for the 1999 biennium. The legislature recommends that the following state programs and functions be considered for participation:

Agency	Program
Governor's Office	Citizen's Advocate
Secretary of State	Business and Government Services
Revenue	Corporate Tax
Transportation	Motor Pool
Social and Rehabilitation Services	Child Support Enforcement
Labor and Industry	Job Service
Labor and Industry	Human Rights Commission

1	Building Codes
2	Enforcement
3	Forestry
4	Driver License Serv
5	Chemical Dependency
6	Historic Preservati
7	Student Assistance
8	(2) Participating agencies shall include proposed performance measures, develo
9	budget documents submitted under 17-7-112.
10	Section 11. Instructions for coordination of reorganization appropriations
11	legislative fiscal analyst shall reflect the passage of Senate Bill No. 4, Senate Bill
12	House Bill No. 563, if these measures have been passed and approved.
13	Section 12. Totals not appropriations. The totals shown in [this act] are f
14	Section 13. Corresponding reductions in appropriations. In accordance with .
15	version of [this act] correspond to the reductions in revenue in House Bills No. 202,
16	Section 14. Effective date. [This act] is effective July 1, 1995.
17	Section 15. Appropriations. The following money is appropriated for the res

	General <u>Fund</u>	State Special <u>Revenue</u>	Federal Special <u>Revenue</u>	Propri- etary	<u>Other</u>	Total	General <u>Fund</u>	State Special <u>Revenue</u>	Federal Special <u>Revenue</u>	Propri- etary	<u>Other</u>	Total
1												
2	LEGISLATIVE AUDITOR (1101)											
3	1.	Audit and Examination Program (01)										
4	1,409,015	1,243,232				2,652,247	1,422,465	1,243,125				2,665,590
5												
6	Total											
7	1,409,015	1,243,232				2,652,247	1,422,465	1,243,125				2,665,590
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21	Total											
22		809,715										
23												
24												
25												

If Senate Bill No. 398 is not passed and approved, general fund money in item 1 will be decreased by \$7,376 in fiscal year 1996 and \$5,963 in fiscal year 1997.

The legislative audit committee is authorized to accept and expend private and nonstate funds to contract for an independent study of the conversion of the Montana medicaid program provided for in Title 53, chapter 6, to private insurance policies or coverage by health service corporations or health maintenance organizations.

LEGISLATIVE FISCAL ANALYST (1102)

1. Analysis and Review (01)

15	784,915	784,915	810,219	810,219
16	a.	Legislative Requests (Restricted/Biennial)		
17	10,000		10,000	
18	b.	Postsecondary Education Interim Committee (Restricted/Biennial)		
19	14,800		14,800	
20				
21	Total			
22	809,715		810,219	810,219
23				
24				
25				

Of the amount for expenses associated with the review required pursuant to 17-1-505 appropriated to the office of the legislative fiscal analyst in section 1, Chapter 30, Special Laws of November 1993, amending section 15, Chapter 623, Laws of 1993, any unexpended funds up to \$6,000 are reappropriated to the analysis and review program (program 01) within the office of the legislative fiscal analyst. The funds reappropriated to the analysis and review program are appropriated

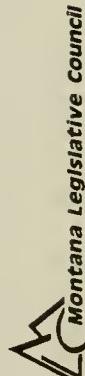
		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1												
2												
3	LEGISLATIVE COUNCIL (1104)											
4	1.	Interim studies and Conferences (05)										
5		a. Interim Studies (Biennial)										
6		b. Interim Study for Veterans' Issues (Biennial)										
7			90,947		90,947	90,947						
8				10,000		10,000						
9	2.	Legislative Council Operations (10)										
10			955,140		3,148,520	2,687,147	462,305					
11	Total											
12		2,284,327	965,140		3,249,467	2,778,094	462,305					
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												

Individual activities in the interim studies program are budgeted as follows:

14	Joint Interim Committees	\$44,000
15	Statewide Issues	10,000
16	Districting and Apportionment Commission	3,000
17	Revenue Oversight Committee	22,000
18	Select Committee on Indian Affairs	13,451
19	Administrative Code	12,640
20	NCCUSL	36,803
21	NCSL	40,000

The legislative council may allocate money appropriated in item 1a among the individual activities listed above in order to complete work assigned by the legislature.

- ENVIRONMENTAL QUALITY COUNCIL (1111)
- Environmental Quality Program (01)



		<u>Fiscal 1996</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>		<u>Fiscal 1997</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1												
2	2.	274,789				274,789		272,493				272,493
3	a.		Water Policy Committee (Biennial)									
4			13,966			13,966		14,117				14,117
5												
6	Total	274,789	13,966			288,755	272,493	14,117				
7												
8	CONSUMER COUNSEL (1112)											
9	1.		Administration Program (01)									
10			908,198			908,198						
11	a.		Consultant Contingency (Restricted)									
12			100,000			100,000						
13												
14	Total											
15			1,008,198			1,008,198						
16	JUDICIARY (2110)											
17	1.		Supreme Court Operations (01)									
18		1,826,155		110,000		1,936,155	1,813,869					
19	a.		Legislative Audit (Restricted/Biennial)									
20		22,727				22,727						
21	b.		Child Support -- Missoula Pilot (Restricted/Biennial/010)									
22		12,500		12,500		12,500						
23	c.		Foster Care Local Review Board Pilot (Restricted)									
24		139,850				139,850						
25	d.		Court Automation (Restricted)									

Fiscal 1996

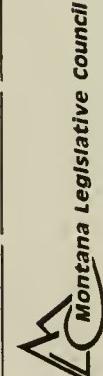
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1		978,400				978,400						978,400
2.	2.	Boards and Commissions (02)				212,126	212,126					212,364
3	3.	Law Library (03)				555,872	555,872					556,241
4.	4.	District Court Operations (04)				2,971,595	2,971,595	2,969,337				2,969,337
5.	5.	Water Courts Supervision (05)				519,820	519,820					518,569
6.	a.	SB 387 -- Water Adjudication Advisory Committee (Restricted/OTO)				5,000	5,000					5,000
7	9											
8	10											
9	11											
10	12											
11	13											
12.	6.	Clerk of Court (06)				160,445	160,445	131,715				131,715
13	14											
14	15											
15	Total											
16	5,888,770	1,515,720	122,500			7,526,990	5,811,061	1,501,969	110,000			7,423,030
17	17	The administrator of the supreme court shall prepare a report for the 55th legislature on the activities and accomplishments of the local citizen review board pilot program in item 1c.										
18	18											
19	19	Item 1d is contingent on passage and approval of House Bill No. 176.										
20	20	The appropriation in item 5a is contingent on passage and approval of both Senate Bill No. 387 and House Bill No. 176.										
21	21	If Senate Bill No. 249 is not passed and approved, the appropriation in item 6 is increased by \$29,376 in fiscal year 1996 and \$58,951 in fiscal year 1997.										
22	22	MT CHIROPRACTIC LEGAL PANEL (2115)										
23	1.	Legal Panel Operations (01)				14,000	14,000					14,000
24	24											
25	25											

The administration of the supreme court shall prepare a report for the 55th legislature on the activities and accomplishments of the local citizen review board pilot program in item 1c.

Item 1d is contingent on passage and approval of House Bill No. 176.

The appropriation in item 5a is contingent on passage and approval of both Senate Bill No. 387 and House Bill No. 176.

If Senate Bill No. 249 is not passed and approved, the appropriation in item 6 is increased by \$29,376 in fiscal year 1996 and \$58,951 in fiscal year 1997.



	General Fund	State Special Revenue	Fiscal 1996			General Fund	State Special Revenue	Fiscal 1997		
			Federal Special Revenue	Proprietary	Other			Total	Federal Special Revenue	Proprietary
1	b.	SB 136 -- Ethics Administration				100,000	100,000	100,000	100,000	100,000
2		100,000								
3	c.	SB 136 -- Ethics Commission				8,200	8,200	8,200	8,200	8,200
4		8,200								
5										
6	Total									
7		361,972				361,972	343,856	343,856		

Items 1b and 1c are contingent on passage and approval of Senate Bill No. 136.

OFFICE OF THE STATE AUDITOR (3401)

1.	Central Management (01)	293,434	24,060	3,282	3,282	317,494	293,807	24,220	318,027	
12	a.	Legislative Audit (Restricted/Biennial)								
13										
14	2.	Insurance Program (03)								
15		1,446,953	388,118			1,835,071	1,425,571	389,865	1,815,436	
16	a.	Legislative Audit (Restricted/Biennial)								
17										
18	3.	Securities (04)								
19		352,134	72,175			424,309	352,642	72,158	424,800	
20	a.	Legislative Audit (Restricted/Biennial)								
21										
22										
23	Total									
24		2,113,909	484,353							
25										

The amendments made to state special revenue and proprietary funds in item 1 are contingent on passage and approval of House Bill No. 563.



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>								
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
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18												
19												
20												
21												
22												
23												
24												
25												

If House Bill No. 533 is not passed and approved, general fund money in item 2 must be decreased by \$36,693 each fiscal year.

If House Bill No. 466 is not passed and approved, general fund money in item 2 must be decreased by \$170,814 in fiscal year 1996 and \$168,841 in fiscal

year 1997.

If Senate Bill No. 384 is not passed and approved, general fund money in item 2 is decreased by \$3,550 in fiscal year 1996.

The state auditor shall charge companies directly for examinations and shall abate expenditures.

The state auditor may request a budget amendment for costs incurred due to medicaid HMO complaints.

DEPARTMENT OF TRANSPORTATION (5401)

1.	General Operations Program (01)	9,511,439	367,692	9,879,131	9,473,115	365,657	9,838,772
2.	Legislative Audit (Restricted/Biennial)						
3.				87,058			
4.					Rewire Complex (OTO)		
5.					189,675		
6.							
7.					c. Contract Fuels Tax Audit (OTO)		
8.					184,825		
9.							
10.					d. Financial Management (OTO)		
11.					66,000		
12.							
13.					e. Fuels/GW Tax System (OTO)		
14.					261,000		
15.							
16.					f. Construction Program (02) (Biennial)		
17.					256,589,026		
18.							
19.					71,240,593	185,348,433	78,099,578
20.							194,314,685
21.							
22.					a. Metric Conversion (Restricted/OTO)		
23.					4,446,347		
24.							
25.					b. City Park Rest Areas (Restricted/OTO)		
					400,000		
					400,000		
					500,000		

	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Total
1	c.	Miscellaneous New Equipment (010)								
2		260,295			260,295					119,880
3	d.	GPS Survey Equipment (010)								
4		120,000			120,000					120,000
5	e.	Claggett Hill Project (Restricted/010)								
6		350,000			350,000					

7. 3. Maintenance Program (03) (Biennial)

8		56,757,045			56,757,045					57,464,460
9	a.	Hazardous Waste Cleanup (Restricted/010)								1,000,000
10		1,000,000								1,000,000
11	b.	Radio Equipment (010)								124,781
12		124,781								124,781
13	c.	Weed Control (Restricted)								802,647
14		802,647								802,647
15	d.	Motor Carrier Services (22)								4,106,730
16		4,175,237								4,106,730
17	a.	SB 378 -- Deregulation of Interstate Trucking								21,747
18		21,674								21,747
19	5.	Aeronautics Program (40)								715,233
20		728,221	99,000		827,221					98,932
21	6.	Transportation Planning (50)								
22		852,910	3,667,027							4,519,937
23	a.	Highway Information System (Restricted/010)								650,000
24		130,000	520,000							4,500,965
25	b.	McCarty Farms (Biennial/Restricted/010)								849,744

Line Item vetoed 5/12/95

If the total net revenue from the fuel tax exceeds the revenue estimate established in House Joint Resolution No. 9, the department shall increase the urban and secondary appropriations included in item 2 by the amount the revenue estimate is exceeded, up to \$15 million for the biennium. The increase must be divided on a 40% urban/60% secondary basis.

Item 2e is for survey, preliminary design, and staking work, to be performed by or at the direction of Fergus County, on the Claggett hill (old stage road) project. The legislature intends that this work be completed no later than October 31, 1995.

The department may adjust appropriations in the construction and transportation planning programs between state special and federal special revenue fund types, provided that the total state special revenue authority for these programs is not increased by more than 10% of the appropriations established by the legislature. All transfers between fund types must be fully explained and justified on budget documents submitted to the office of budget and program planning, and all fund transfers of over \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report.

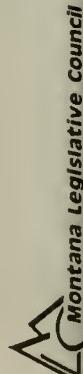
The department is authorized to obtain contributed capital from the highway special revenue account for the motor pool proprietary account for the purpose of managing the motor pool account fund balance in accordance with the federal government's interpretation of OMB Circular A-87. The department shall make such accounting entries in amounts minimally sufficient to avoid federal assessments.

It is the intent of the legislature that the school bus safety services, formerly provided by the office of public instruction, be provided by the highway

DEPARTMENT OF REVENUE (5801)

1.	Director's Office (01)	940,257	79,656	1,019,913	962,482	81,538	1,044,020
a.	Legislative Audit (Restricted/Biennial)	20,104	7,517	220	74,707	170,077	

Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor merchandising operation are appropriated to the department in amounts not to exceed \$57,164,000 in fiscal year 1996 and \$58,267,000 in fiscal year 1997. During the 1997 biennium, the division shall attempt to return at least 40% [19%] of net sales to the general fund. Net sales are gross sales less discounts[, commissions,] and all taxes collected. The division shall limit biennial operational expenses of the liquor merchandising system to not more than 15% [8.25%] of the net sales. For purposes



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>			
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>

1 of this expense limitation, operational expenses include all merchandising expenses, including depreciation, plus department overhead allocable to the merchandising
 2 system, but do not include product costs and freight charges. If House Bill No. 574 is not passed and approved, the bracketed language in this paragraph is void
 3 and the former text is restored.

4 During the 1997 biennium, the department is encouraged to research and to implement, if possible, new electronic technologies, such as increased use of
 5 electronic filing for all tax returns, computer imaging, integration of statewide appraisal systems with statewide geographic information systems, connection to
 6 the information superhighway, and any other emerging systems, for the purpose of developing more effective and efficient ways of processing tax data.

7 The department is appropriated revenue deposited to the property valuation improvement fund in the 1997 biennium in amounts not to exceed \$250,000 in fiscal
 8 year 1996 and \$250,000 in fiscal year 1997.

9 The department is authorized to borrow up to \$50,000 from the general fund in the 1997 biennium for the property valuation improvement fund. The department
 10 shall repay the loan by the end of the 1997 biennium with interest equal to rates earned by the short-term investment pool.

11 Items 4b and 4c are contingent on passage and approval of House Bill No. 293.

DEPARTMENT OF ADMINISTRATION (6101)

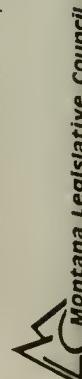
13	1.	Accounting and Management Support (03)					
14		1,187,283	15,000	17,343	72,241	1,291,867	1,182,552
15	a.	Legislative Audit (Restricted/Biennial)					
16		37,144				37,144	
17	2.	Architecture and Engineering (04)					
18		686,047				686,047	690,039
19	a.	Legislative Audit (Restricted/Biennial)					
20		1,365				1,365	
21	b.	1997 Biennium Long-Range Building Program					
22		130,384				130,384	131,443
23	3.	Procurement and Printing (06)					
24		407,076				407,076	410,802
25	4.	Information Services Division (07)					

				<u>Fiscal 1996</u>			<u>Fiscal 1997</u>	
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue
								Federal Special Revenue
1	a.	Public Safety Radio (Restricted/Biennial/OTO)						
2			200,000			200,000		
3	5.	General Services Division (08)						
4			249,927					
5	6.	State Personnel Division (23)						
6			876,516					
7	a.	Personal Services Contingency (Restricted/Biennial/OTO)						
8			500,000					
9	b.	SB 136 -- Employee Ethics Rulemaking and Brochure (OTO)						
10			4,015					
11	7.	State Tax Appeal Board (37)						
12			396,795					
13	8.	Warrant Writing (10)						
14						741,278		
15	a.	Legislative Audit (Restricted/Biennial)						
16						25,483		
17								
18	Total							
19	3,658,756	832,796	217,343	839,002	1,058,801	6,606,698	3,126,795	846,482
20								16,784
21								817,464
22								58,801
23								4,866,326
24								
25								

The governor-elect program is appropriated necessary expenses, up to \$50,000 from the general fund in fiscal year 1997, to implement the provisions of 2-15-221.

Funds remaining in the capital land grant account of the capital projects fund, after all other appropriations are met, are appropriated to the long-range building debt service fund for the payment of principal and interest on bond issues for public buildings at the capitol, not to exceed the annual debt service required on these bonds.

Item 2b is contingent on passage and approval of House Bill No. 5 and at least two or more of the following bills: House Bill No. 15, 584, 585, 594, 595,



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>
	<u>Total</u>	<u>Other</u>	<u>Proprietary</u>	<u>Total</u>	<u>Other</u>	<u>Proprietary</u>
or 603.						

1 The general fund money appropriated for the general services program is intended for transfer into the general services proprietary account. The present
 2 law base in subsequent bienniums must include general fund money at 6.5% of program operating expenses.

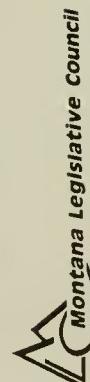
3 The general services division is authorized to build a new parking lot west of the Scott Hart building.
 4
 5 Funding to support self-administration of flexible spending accounts is contingent on the department's determination that self-administration is more cost-
 6 effective than contracting with the current provider.

7 The information services division shall actively pursue federal funding for the SummitNet project. If federal funds become available in the 1997 biennium,
 8 the department is authorized to seek a budget amendment to allow expenditure of those funds and shall reduce its proprietary fund appropriation accordingly.

9 The department shall provide semiannual reports to the office of budget and program planning and the office of the legislative fiscal analyst on progress
 10 towards achievement of the central mail program performance targets, as outlined in the legislative appropriations report for the 1997 biennium, with explanations
 11 for any significant variances.

12 The department of administration shall develop and submit cost recovery plans for payroll services, information services division services, mail messenger
 13 services, publications and graphics services, insurance premiums, general services rent, and the state funds cost allocation plan to the office of budget and
 14 program planning and the legislative fiscal analyst by June 1, 1996, for development of the 1999 biennium present law base. The office of budget and program
 15 planning shall, in consultation with the legislative fiscal analyst, develop guidelines for the form and content of agency cost recovery plans by May 1, 1996.
 16 The (agency) shall develop its cost recovery plan and provide supporting documentation as specified in these guidelines. Agency cost recovery plans must include
 17 projected revenue and expenses by line of service and the projected fiscal year end working capital balances for each applicable accounting entity, unless exempted
 18 in office of budget and program planning guidelines.

19 Item 6a contains biennial appropriations that the department and the office of budget and program planning may allocate to agencies (except the Montana
 20 university system), subject to the process described below, for personal services if the agencies did not experience normal turnover in an amount necessary to
 21 provide full funding for personal services. In allocating the personal services contingency funds, priority must be given to small agencies. Amounts may be adjusted
 22 among fund types, excluding the general fund, which may not be adjusted. An agency requesting an allocation of these funds shall document in its request to the
 23 budget director that projected personal services expenditures will exceed program appropriations for personal services and the reasons for the deficit and shall
 24 certify that no other budget authority in the agency is available. The office of budget and program planning shall provide an annual report to the legislative
 25 finance committee documenting all allocations of these personal services contingency funds.



	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1												
2												
3												
4	100,000					100,000	100,000	100,000	100,000	100,000	100,000	100,000
5												
6												
7	100,000					100,000	100,000	100,000	100,000	100,000	100,000	100,000
8												
9												
10												
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21												
22												
23												
24												
25												

1 Item 6b is contingent on passage and approval of Senate Bill No. 136.

2 APPELLATE DEFENDER COMMISSION (6102)

3 1. Appellate Defender (03)

4 100,000

5

6 Total

7 100,000

8 The appropriation in item 1 is contingent on:

- 9 (1) the appellate defender program not being funded by a statutory appropriation, as provided in Senate Bill No. 83; and
- 10 (2) passage and approval of Senate Bill No. 83.

11 PUBLIC EMPLOYEES' RETIREMENT BOARD (6104)

12 1. Public Employees' Retirement Program (35)

13 1,294,945

14 a. Legislative Audit (Restricted/Biennial)

15 46,225

16 46,225

17 Total

18 1,341,170

19 TEACHERS' RETIREMENT BOARD (6105)

20 1. Teachers' Retirement System (01)

21 681,451

22 a. Legislative Audit (Restricted/Biennial)

23 34,669

24 b. HB 316 -- TRS Service Purchase (010)

25 3,600

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>
				<u>Other</u>		<u>Total</u>	<u>Proprietary</u>
1							
2	Total						
3							
4							
5	TOTAL SECTION A						
6	42,182,625	155,568,393	201,088,415	1,208,524	3,119,691	403,167,648	41,962,978
7							

697,118

719,720

697,118

719,720



		Fiscal 1996			Fiscal 1997							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1		13,923	690	1,699		16,312						
2	b.	Management Information System (Restricted/010)										
3		24,463	694	3,323		28,480						
4	c.	Workers' Compensation Data Base Development (Restricted/010)										
5		105,452				105,452						
6	d.	SB 354 -- Contractor Registration										
7		267,780				267,780						
8	4.	Legal Services Division (06)										
9		604,814	353,416	106,108		1,064,338		600,956	349,772	105,431		
10	a.	Legislative Audit (Restricted/Biennial)										
11		2,086	1,208	366		3,660						
12	b.	Mail Costs (Restricted)										
13		4,765				4,765						
14	c.	SB 354 -- Contractor Registration										
15		68,945				68,945						
16	5.	Human Rights Commission (08)										
17		545,761	22,000	205,673		773,434		546,741	22,000	205,814		
18	a.	Legislative Audit (Restricted/Biennial)										
19		1,834		786		2,620						
20	6.	Workers' Compensation Court (09)										
21		356,438				356,438						
22	a.	Legislative Audit (Restricted/Biennial)										
23		1,014				1,014						
24												
25	Total											

							Fiscal 1996				Fiscal 1997	
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1	1,194,399	11,072,548	26,771,229	529,640		39,567,816	1,181,545	10,833,732	26,935,287	541,299		39,491,863

2 Funds appropriated for item 1c must be used for telephone equipment charges and long distance charges associated with operating KIOSK and computerized
 3 information centers. The legislature intends the department to coordinate with other state agencies, counties, cities, and towns to the greatest extent possible
 4 to fully utilize the capacity and capabilities of the KIOSK and computerized information centers that will be installed throughout the state. The department shall
 5 report on the usage and effectiveness of the KIOSK and computerized information centers to the 55th legislature. Because these funds are approved on a
 6 one-time-only basis, the department shall request and justify similar funding in a new proposal for the 1999 biennium if it intends to continue operating the KIOSK
 7 and computerized information centers past the 1997 biennium.

8 Funds appropriated in item 1d may be used only for certified apprenticeship instruction and for related training programs.

9 If House Bill No. 68 is not passed and approved, state special revenue in item 3 is increased by \$223,749 in fiscal year 1996 and by \$224,644 in fiscal
 10 year 1997.

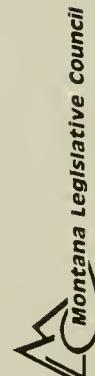
11 Funds in items 3d and 4c are contingent on passage and approval of Senate Bill No. 354. Senate Bill No. 354 provides for fees to fund the administrative
 12 and enforcement activities required of the department. If revenue from the fees is initially insufficient to fund items 3d and 4c, then the department is
 13 authorized to use a short-term loan from the employment security trust account. The short-term loan must be repaid by September 30, 1996.

14 The commissioner of labor and industry and the budget director of the office of budget and program planning shall transfer from the employment security
 15 trust account to the unemployment trust fund account the amount of funds determined to be in excess of the amount needed to fund the department programs for the
 16 1997 biennium. This transfer must be made no later than October 1, 1996.

17 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES (6901)

18	1.	Family Assistance (01)										
19	3,661,702	137,500	23,333,569			27,132,771	4,340,309	70,000	24,093,494			28,503,803
20		a.	JOB\$ Benefits									
21	100,000	235,119	604,593			939,712	100,000	235,119	604,593			939,712
22	b.	AFOC Benefits										
23	14,214,373	1,389,581	35,981,460			51,585,414	14,018,403	2,535,905	36,893,510			53,447,818
24	2.	Eligibility Determination Program (03)										
25	2,736,364	2,833,040				5,569,404		2,766,831	2,863,977			5,630,808

		Fiscal 1996			Fiscal 1997							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1	3.	Director's Office (04)										
2	219,993	68,964	337,985			626,942	220,969	69,269	339,483			629,721
3	4.	Child Support Enforcement (05)										
4	782,273	2,396,525	6,242,092			9,420,890	1,013,035	2,408,457	6,717,324			10,138,816
5	5.	State-Assumed County Administration (06)										
6	3,349,458		3,430,542			6,780,000	3,405,485		3,486,910			6,892,395
7	a.	County Pilot Project (Restricted/OTD)										
8	70,000					70,000	70,000					70,000
9	6.	Medical Assistance (07)										
10	83,702,550	9,228,629	253,018,859			345,950,038	91,394,394	7,428,629	265,118,544			363,941,567
11	a.	Contract/Develop RBRV's System (Biennial)										
12	50,000		50,000			100,000						
13	b.	Pediatric Dental Consultant/Orthodontia Consultant										
14	500		500			1,000	500		500			1,000
15	c.	Local Health Care Providers (Biennial)										
16			1,300,000			1,300,000						
17	d.	Hospital Rate Increase										
18	299,622	690,538				990,160	573,624		1,276,776			1,850,400
19	e.	Nursing Home Rate Increase										
20	957,524	2,206,796				3,164,320	1,833,678		4,081,412			5,915,090
21	f.	Dental Rate Increase -- Children's Services (Restricted)										
22	257,304	593,006				850,310	287,952		640,926			928,878
23	7.	TDD Program (08)										
24		676,058										734,716
25	8.	Operations and Technology Division (09)										



		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1	4,566,038	1,517,572	7,822,164			13,905,774	4,194,720	1,487,311	7,399,011			13,081,042
2	a.	Legislative Audit (Restricted/Biennial)										
3	84,007	5,432	91,610			181,049						
4	b.	Welfare Fraud Transfer										
5	100,000		300,000			400,000	100,000					400,000
6	c.	HB 511 -- Health Care Authority										
7	174,168		124,167			298,335	22,227					44,454
8	9.	Vocational Rehabilitation Program (10)										
9	2,379,870	192,087	8,927,243			11,499,200	2,457,621	192,087	9,076,037			11,725,745
10	10.	Disability Determination Program (11)										
11			3,227,187			3,227,187						3,319,142
12	11.	Visual Services Program (13)										
13	332,916		1,169,434			1,502,350	338,050					1,522,513
14	12.	Developmental Disabilities Program (14)										
15	18,583,975		25,142,813			43,726,788	18,972,013					44,402,465
16	a.	Personal Care in Group Homes										
17			2,315,900			2,315,900						2,299,475
18	b.	Increased Federal Authority										
19			1,000,000			1,000,000						1,000,000
20	c.	Provider Rate Increase										
21	750,858		431,908			1,182,766	1,527,488					2,401,448
22	13.	Developmental Disabilities Advisory Council (15)										
23			420,475									420,382
24	14.	Management Support Services Division (21)										
25	1,741,630	15,000	375,892			2,132,522	2,647,562	15,000	1,071,719			3,734,281

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1	a.	Legislative Audit (Restricted/Biennial)										
2	91,212		15,042			106,254						
3	b.	CAPS Development (OTD)										
4	627,680		1,883,041			2,510,721						
5	15.	Regional Administration (22)										
6	6,828,793	1,017,977	3,271,080			11,116,950	6,859,373	1,017,077	3,286,416			
7	a.	Protective Services Workers (Restricted)										
8	213,386		122,761			336,147	332,988			191,568		
9	b.	SB 55 -- County Administrative Costs										
10	307,272		63,382			370,654	307,272			63,382		
11	16.	Program Management Division (25)										
12	13,909,879	1,811,649	14,330,305			30,051,833	14,467,905	1,812,761	14,465,871			
13	a.	Crisis Nursery Project (OTD)										
14			200,000			200,000				200,000		
15	b.	Family Preservation and Support (Biennial)										
16			997,843			997,843						
17	c.	Partnership Project										
18		150,000	2,000,000			2,150,000		150,000	2,000,000			2,150,000
19	d.	Foster Care Provider Rate Increase										
20	119,753	12,167	49,435			181,355	250,667	24,516	103,235			
21	e.	At-Risk Child Care (Restricted)										
22	383,260		915,928			1,299,188	389,756			909,432		
23	f.	W.K. Kellogg Grant -- Matching Funds (Biennial)										
24			240,377							240,377		
25	17.	Central Office (31)										

				<u>Fiscal 1996</u>				<u>Fiscal 1997</u>		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary
										Total
1	1,024,572	115,956				1,140,528	1,021,057	116,751		1,137,808
2	a.	Legislative Audit (Restricted/Biennial)								
3	71,924	12,695	1,567			86,186				
4	18.	Mental Health (33)								
5	38,997,947	147,752	1,792,415			40,938,114	39,524,499	147,759	1,796,062	41,468,320
6	a.	SB 223 -- Managed Care Authority								
7								20,773,720		20,773,720
8	19.	Chemical Dependency (34)								
9			2,565,304	3,376,970		5,942,274		2,591,941	3,379,695	5,971,636
10	20.	Special Services (35)								
11	15,979,191	2,370,550	1,311,506			19,661,247	15,313,669	2,271,493	1,326,617	18,911,779
12	21.	Director's Office (41)								
13			23,283			23,283	23,284			23,284
14	22.	Health Services (46)								
15	1,513,702	739,811	1,460,183			3,713,696	1,470,652	743,687	1,374,620	3,588,959
16	a.	Certificate of Need (Biennial)								
17	92,246							92,246		
18	b.	Local Health Care Providers (Restricted/Biennial)								
19	300,000		300,000					600,000		
20	c.	Tumor Registry								
21			138,342			138,342				120,249
22	23.	Family/Maternal and Child Health Bureau (47)								
23	620,822		24,974,896			25,595,718		620,241		26,035,092
24	a.	MIAMI (Restricted)								26,655,333
25	414,000									414,000

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1												
2	b.	37,134				37,134						36,334
3	24.	Preventive Health Bureau (48)										
4		110,000		4,475,659		4,585,659		112,000		4,601,344		4,713,344
5	a.	Communicable Disease Emergency Fund (Restricted/Biennial)										
6		50,000				50,000						
7	25.	Health Facilities Division (49)										
8		682,456		1,873,484		2,555,940		687,795		1,885,380		2,573,175
9												
10	Total											
11		218,777,273	27,841,792	445,465,989		692,085,054	229,349,522	47,593,029	460,253,280			737,195,831

The legislature intends that expenditures for all provider rate increases approved by the legislature be limited to the dollar amounts appropriated rather than the percentage increase on which the original estimates may have been based. The department will be in compliance with this provision if:

- (1) it estimates total cost for each medicaid service category in June prior to the beginning of each fiscal year of the 1997 biennium; and
- (2) the percentage increase or base adjustments approved by the department are limited to the dollar amount appropriated for each provider rate increase.

The AFDC payment level for the 1997 biennium must be established at no less than 40.5% of the federal poverty index.

The department shall require that JOBS participants who leave the program because of employment be tracked up to 1 year after their termination with the JOBS program as a condition of letting JOBS contracts. Exemptions from this requirement include JOBS participants who are no longer Montana residents or JOBS participants who cannot be reached despite good faith efforts. The department shall report to the 55th legislature regarding the employment and earning status of former JOBS participants served during the 1997 biennium.

Contingent on passage and approval of Senate Bill No. 209, the family assistance program shall notify the regional administration that children in a household are at risk when that household receives a sanction that includes reduction of the adult portion of the AFDC grant.

Funds in item 1a must be used for a teen parent program. The department may use general fund money in item 1a for a teen parent program for teen parents who are not AFDC eligible and for teen parents who are AFDC eligible but younger than 15 years of age.

The department is authorized to retain 7.5% of the federal community services block grant and pass through the remaining 92.5% to the human resource

	Fiscal 1996			Fiscal 1997		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Total	Other

1 development councils (HRDCs). If during fiscal year 1996 or fiscal year 1997 the block grant falls below the federal fiscal year 1990 grant level, the department
 2 shall retain only 5% of the grant amount and pass through the remaining 95% to the HRDCs.

3 The state share of AFDC-related support collections and all AFDC and non-AFDC federal incentive payments and program-collected fees must be deposited in
 4 the state special revenue account from which the state share of the administrative and operational costs of the child support enforcement program must be paid.
 5 The department shall transfer to the general fund from the child support enforcement account any cash balance in excess of \$350,000.

6 The department is appropriated funds for a pilot project in Deer Lodge County. The pilot project may include work, job training, subsistence payments,
 7 and preventive health programs for low-income people. The use of appropriated funds in item 5a is contingent on Deer Lodge County levying 12 mills for its poor
 8 fund for public assistance, protective services, and other benefits for low-income people.

9 The department shall implement 53-6-101(10) if medicaid expenditures exceed appropriations in [this act] in either year of the biennium.

10 The department shall perform a statistically valid survey of dentists to determine usual and customary charges for children's dental services during fiscal
 11 year 1996. The department shall compute the 1999 biennial cost of establishing medicaid reimbursement for children's dental services at 80% of usual and customary
 12 charges based on the survey results. The executive budget must publish by fiscal year the 1999 biennial cost to fund medicaid reimbursement for children's dental
 13 services at 80% of survey rates.

14 The legislature intends that \$70,653,143 of the amount in fiscal year 1996 and \$77,127,105 of the amount in fiscal year 1997 in item 6 are appropriated
 15 for hospital medicaid benefits.

16 Because of de-earmarking by Senate Bill No. 83, item 6 has been reduced by \$6,611,179 in state special revenue in fiscal year 1996 and by \$6,665,040 in
 17 state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in
 18 a form that de-earmarks the state special revenue, then the general fund amounts in item 6 are reduced by \$6,611,179 in fiscal year 1996 and by \$6,665,040 in fiscal
 19 year 1997 and the state special revenue amounts are increased by the same amounts.

20 Funds in item 6b must be used to contract for orthodontia consultation and pediatric dental consultation for medicaid dental claims, medicaid policy
 21 development, and representation of the department in fair hearings.

22 The department may use funds in items 6d and 6e to increase rates paid for medicaid services purchased from hospitals and nursing homes. If hospital or
 23 medicaid providers sue the department to obtain additional increases in medicaid rates, the department may use the funds to defend the state against the lawsuit.
 24 In the event the defense is unsuccessful, the department may reallocate funds from other appropriations to fund nursing home and hospital rate increases.

25 Funds in item 6f may be used only for rate increases for children's dental services. Funds in item 6f may not be transferred to other uses in the department

	Fiscal 1996			Fiscal 1997		
	General Fund	State Special Revenue	Federal Special Revenue	General Fund	State Special Revenue	Federal Special Revenue
	General Fund	Total	Proprietary	Other	Total	Proprietary

1 or to another department.

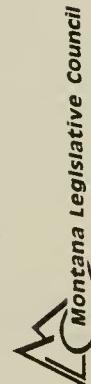
2 If Senate Bill No. 236 is passed and approved and if the department collects estate recoveries and other savings because of Senate Bill No. 236 in excess
 3 of \$600,000 in fiscal year 1996 or \$600,000 in fiscal year 1997, up to \$1 million of general fund money and matching federal funds of those excess savings are
 4 appropriated each year for independent living and community-based medicaid services.

5 Item 8 includes efficiencies and savings of 25 FTE, \$412,500 in general fund money, and \$412,500 in federal special revenue in fiscal year 1997 based on
 6 passage and approval of Senate Bill No. 345, which reorganizes human services and public health agencies. The executive branch can allocate these reductions among
 7 programs in the department of public health and human services. If Senate Bill No. 345 is not passed and approved, the appropriation in item 8 is increased by
 8 25 FTE, \$412,500 in general fund money, and \$412,500 in federal special revenue in fiscal year 1997.

9 If Senate Bill No. 345 is passed and approved, the department shall solicit proposals to establish a local structure to administer and coordinate human
 10 services programs. To the extent feasible and permitted by federal law, the proposal must include administration of all of the programs transferred to the
 11 department of public health and human services. The department shall accept one or more proposals as a demonstration project, with an anticipated beginning date
 12 of July 1, 1996. Funding for the demonstration project must be taken from appropriations authorized in [this act]. If Senate Bill No. 345 is passed and approved,
 13 the department shall create an advisory committee to assist in the preparation of a report to the 55th legislature on the feasibility of expanding the demonstration
 14 proposal to establish local administration and coordination of human services programs. The report must contain a preliminary evaluation of the demonstration
 15 project described above.

16 Funds for item 8b are to fund welfare fraud investigation. The department of justice may hire FTE rather than contract for services if the department
 17 certifies to the office of budget and program planning that FTE are more cost-effective than contracted services.

18 The funds for item 8c are contingent on the passage and approval of House Bill No. 511.
 19 If the department considers contracting for operation of the TEAMS or SEARCHS computer applications on a privately owned and operated mainframe or midrange
 20 computer or if the department plans to purchase a midrange computer for the operation of these systems, the department shall submit to the office of budget and
 21 program planning and to the legislative finance committee a comparison of the cost of operating the system on the state mainframe computer managed by the department
 22 of administration or on a midrange computer owned by the department. The department of administration shall estimate rate changes that would occur because of
 23 removal of TEAMS or SEARCHS from the state mainframe. If the office of budget and program planning determines that statewide cost savings are greater than the
 24 private contract cost savings or savings because of the purchase of a departmental midrange computer, the department shall operate TEAMS or SEARCHS on the state
 25 mainframe computer if continued operation of TEAMS or SEARCHS on the state mainframe does not conflict with federal regulations.



<u>Fiscal 1996</u>				<u>Fiscal 1997</u>			
<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>
			<u>Other</u>				<u>Other</u>

1 Provider rate increases funded in item 12c must be allocated between general operating inflationary increases and wage increases for the lowest wage,
 2 direct-care line workers of developmental disabilities providers. No less than \$375,429 of general fund money and \$215,954 of federal special revenue in fiscal
 3 year 1996 and \$758,100 of general fund money and \$433,751 of federal special revenue in fiscal year 1997 must be granted with no specific expense allocation, and
 4 the remainder of the rate increase must be allocated to salaries for the lowest-wage, direct-care line workers.

5 The department may pursue funding of any existing eligible state general -funded services under the federal ICF/MR program if the federal government fails
 6 to approve adequate medicaid waiver funding under the home- and community-based waiver program.

7 It is the intent of the legislature that in fiscal year 1996 and fiscal year 1997, any unexpended portion of the department's general fund appropriation,
 8 up to \$500,000 for the biennium, may be awarded by the department for the purposes of providing primary and preventive health care benefits to children who are
 9 uninsured and not eligible for medicaid benefits. To qualify, the family income may be no greater than 185% of the federal poverty level. The department may
 10 contract with public or private entities for the administration and provision of these services. These funds may be allocated only to those programs that have
 11 established a statewide network of medical providers who have agreed to accept reimbursement at a lower rate than would normally be charged for their services.

12 The department shall prepare a unified budget for the interagency coordinating council on prevention of child abuse and neglect. The unified budget must
 13 identify services funded, expenditures by service in fiscal year 1996, and preliminary amounts budgeted for the 1999 biennium by service and fund type from the
 14 department, office of public instruction, board of crime control, and department of labor and industry. A preliminary budget must be presented to the joint
 15 oversight committee on children and families, the legislative finance committee, and the office of budget and program planning by September 1, 1996. The unified
 16 budget must be published in the governor's budget request to the 55th legislature.

17 The department may add FTE instead of contracting for services if it certifies to the office of budget and program planning that FTE are more cost-effective
 18 than contracting. FTE added through this language may not be included in the 1999 biennium base budget.

19 The department shall notify the parents, legal guardians, or caretakers of the children of male and female prisoners in the state of Montana of the state
 20 services available to children and families. Services provided by the department and department of corrections and human services must be listed and explained.
 21 Notification may be waived if the children of prisoners do not reside in Montana.

22 Funds in item 14b may not be included in the fiscal year 1996 base budget.

23 Funds in item 15a may be used only for new social worker positions with duties related to child or elder abuse and neglect. The department shall establish
 24 an accounting center and a budget center to track expenditures for and the number of abuse and neglect workers separate from other department FTE. The department
 25 shall report abuse and neglect FTE and related expenditures separate from other budget functions in its budget request to the 55th legislature.

	Fiscal 1996			Fiscal 1997		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total

1 Funds in item 15b are contingent on passage and approval of Senate Bill No. 55.

2 The department shall present a report to the 55th legislature confirming the outcome of the partnership project. The report must include the number of
 3 families and children served and the types of services funded and must verify the impact on the growth in the foster care caseload, if any. The report must
 4 explicitly identify fiscal year 1996 expenditures by fund type, service, and county location, compared to the estimated expenditures by fund type and service for
 5 the 1999 biennium.

6 Because of de-earmarking by Senate Bill No. 83, item 16 has been reduced by \$35,406 in state special revenue in fiscal year 1996 and by \$34,409 in state
 7 special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form
 8 that de-earmarks the state special revenue, then the general fund amounts in item 16 are reduced by \$35,406 in fiscal year 1996 and by \$34,409 in fiscal year 1997
 9 and the state special revenue amounts are increased by the same amounts.

10 Funds in item 16a may not be included in the base budget for the 1999 biennium.

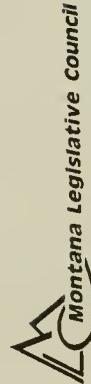
11 Item 16c is to develop family support services for children at risk of abuse or neglect and for children who have been referred for abuse or neglect and
 12 to develop community-based services for children placed in or who are at risk of being placed in juvenile corrections facilities. The development of additional
 13 services is contingent on recovery of federal funds through department refinancing initiatives and the collection of contributions from parents of children.
 14 Services must be developed within appropriation limitations in [this act], and the department may not expand partnership services so that foster care general fund
 15 requirements are greater than appropriations in [this act].

16 Funds in item 16e may be used only to fund child care benefit costs for families who are at risk of becoming eligible for AFDC. Funds in item 16e may not
 17 be used for any other purpose, transferred to any other use in the department, or transferred to another department.

18 Funds in item 18a are contingent on passage and approval of Senate Bill No. 223.
 19 If the Eastmont human services center does not remain in operation at current capacity, item 20 is decreased by \$22,865 in general fund money in fiscal
 20 year 1996 and \$22,944 in general fund money in fiscal year 1997 to fund 1.0 FTE in the Eastmont vocational program.

21 The department is directed to develop and purchase mental health services for children and adolescents that minimize the necessity of residential placements
 22 and that control the expenditures for residential care.

23 All services under the managing resources Montana (NRM) program must be purchased based on an RFP process that provides for effective services at the lowest
 24 possible cost. The department shall develop measures of program effectiveness and require contractors selected under the RFP process to provide the information
 25 necessary to determine the effectiveness of services. The department may not contract with any service provider that has been found, through a court of law, to



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund

1 have, through fraud or falsification of documents, attempted to receive public funds to which the provider was not entitled.
 2 Funds in item 22a are contingent on passage and approval of Senate Bill No. 416.
 3 General fund money in item 22b may be used only to contract for assistance to local health care providers in obtaining medicaid reimbursement and to assist
 4 communities in implementing local health care services.
 5 Funds in item 22c are appropriated with the requirement that the development and operation of the tumor registry must be coordinated with all other medical
 6 data bases operated by the state so that the sharing of information is facilitated and the duplication of effort is reduced.
 7 Item 23b is contingent on passage and approval of Senate Bill No. 292.

8 During the 1997 biennium, the department shall:
 9 (1) by July 1, 1996, develop and implement a consolidated contract for all health care grants;
 10 (2) by October 1, 1995, revise and update the maternal and child health (MCH) rules to reflect the current block grant legislation with the amendments
 11 to the Federal Omnibus Budget Reconciliation Act of 1989. The rules must address the local match requirement. The department shall also establish a core set
 12 of MCH services. The department shall ensure that MCH block grant funds are not used for noncore services unless each core service is ensured or unless the entity
 13 receiving the grant has demonstrated through a formal needs assessment process that the core service not being provided is not needed. The rules must address
 14 medicaid billing and reimbursement and must contain a provision that all MCH block grant money be spent on MCH services and that it not be used to supplant local
 15 funds.
 16 (3) explore all opportunities for maximizing medicaid revenue, including requiring local health units to bill medicaid for reimbursable services and using
 17 available general fund and state special revenue appropriations to match medicaid funds for state-level activities. If necessary, the department shall assist
 18 local health units in maximizing medicaid revenue. By October 1, 1995, department rules must require that MCH block grant funds be provided only if an effective
 19 method of maximizing medicaid revenue has been established by the receiving entity; however, this requirement does not apply if an entity has determined and
 20 demonstrated that billing medicaid is not cost-effective.
 21 (4) use priority setting in the disbursement of MCH block grant funds. By October 1, 1995, rules and formulas for distribution of funds to local entities
 22 must be revised to give the opportunity to help those counties, regions, or communities with the least resources, largest proportions of underserved families,
 23 and most serious maternal and child health problems, as identified by objective health indicators and community needs assessments. The MIAMI project and other
 24 public health programs must be operated in a similar manner.
 25 (5) by October 1, 1995, require local health agencies to assume more responsibility for outreach and education for services to clients of such related

	Fiscal 1996			Fiscal 1997		
	Federal Revenue	Special Revenue	Propri- etary Revenue	Total	General Fund	State Revenue
	<u>Other</u>	<u>Other</u>	<u>Other</u>	<u>Total</u>	<u>Other</u>	<u>Total</u>
General Fund						

create programs as passport: family support programs; and early periodic screening, diagnosis, and treatment (EPSDT);

2 (6) by October 1, 1995, ensure that the majority of local health care agencies bill medicaid for the provision of immunizations and well child
3 visits/EDSN, and

the legislative fiscal analyst regarding the six requirements provided above. At a minimum, the reports must address:

(a) progress in implementing these requirements;

(b) the amount of additional medicaid money the department has been able to access and an explanation of how and where that money is being used; and

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SECTION B



	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>Fiscal 1997</u>
C. NATURAL RESOURCES AND COMMERCE							
1							
2							
3	1.	Public Service Regulation (4201)					
4		1,983,114	25,668				1,958,286
5	a.	Legislative Audit (Restricted/Biennial)					
6			15,409				
7	b.	Consultants (Biennial)					
8			100,000				
9							
10	Total						
11		2,098,523	25,668				1,958,286
12	DEPARTMENT OF FISH, WILDLIFE AND PARKS (5201)						
13	1.	Administration and Finance Division (01)					
14		3,317,383	374,299				3,756,565
15	a.	Legislative Audit (Restricted/Biennial)					
16			60,863				
17	b.	Legislative Contract Authority (Restricted/0701)					
18			30,000				30,000
19	2.	Field Services Division (02)					
20		1,841,081	555,247				2,504,053
21	a.	Weed Control (Restricted)					
22			1,494				1,494
23	b.	HB 195 -- Hunting Access Enhancement					
24			1,054,751				1,384,302
25	3.	Fisheries Division (03)					

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1		2,741,078	2,889,735			5,630,813		2,728,807	2,848,162			5,576,969
2	a.	Legislative Contract Authority (Restricted/070)				1,000,000		210,900	789,100			1,000,000
3		273,500	726,500									
4	b.	Water Leasing (Biennial)										
5		75,000				75,000						
6	c.	Evaluation of Fish Introductions (Biennial)										
7		10,000	30,000			40,000						
8	d.	Clark Fork River Investigation (OT0)										
9		13,674	41,020			54,694		13,705	41,113			54,818
10	e.	Weed Control (Restricted)										
11		15,019				15,019						15,019
12	f.	HB 349 -- Future Fisheries Improvement (Restricted)										
13		100,000				100,000						100,000
14	4.	Law Enforcement Division (04)										
15		111,090	4,899,539	127,818		5,138,447		111,215	4,930,268	130,052		5,171,535
16	a.	Game Farm EA/EIS (Biennial)										
17		208,000				208,000						
18	b.	Legislative Contract Authority (Restricted/070)										
19		70,000				70,000						70,000
20	c.	County Water Safety Contract (Restricted)										
21		31,000	31,000			62,000						62,000
22	d.	Additional Snowmobile Funds (OT0)										
23		16,288				16,288						16,288
24	e.	HB 195 -- Hunting Access Enhancement										
25		58,598				58,598						58,598



				<u>Fiscal 1996</u>	<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1												
2												
3	5.	Wildlife Division (05)	2,876,904	2,963,307								
4		a.	Black-Footed Ferret (OTO)									
5		b.	Wildlife Programmatic EIS (OTO)									
6		c.	Upland Game Bird (Biennial)									
7		d.	Legislative Contract Authority (Restricted/OTO)									
8			29,160	87,480								
9												
10												
11												
12												
13												
14												
15	6.	Parks Division (06)										
16			271,166	3,691,321	143,600							
17		a.	Land and Water Conservation Fund (Biennial)									
18		b.	National Recreation Trails (Biennial)									
19		c.	Legislative Contract Authority (Restricted/OTO)									
20												
21												
22												
23		d.	Additional Snowgroomer Equipment (OTO)									
24		e.	SB 321 -- Additional Snowmobile Allocation									
25												

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1												177,579
2	f.	11,000	158,672			158,672		11,000	11,000			11,000
3			Capitol Grounds General Fund (Restricted)									42,803
4	g.	30,196	Weed Control (Restricted)			44,807	12,607		30,196			
5		14,611										1,760,158
6	7.	Conservation Education Division (08)				1,747,343	2,880	1,404,581	352,697			
7		2,880	1,399,279	345,184								
8	a.		Legislative Contract Authority (Restricted/OTO)									
9		7,500	12,500			20,000		7,500	12,500			20,000
10	b.		Shooting Ranges (Biennial)									
11						119,800		119,800				
12	c.		Additional Snowmobile Funds (OTO)									
13						12,000		12,000				12,000
14	d.		SB 321 -- Additional Snowmobile Allocation									
15						11,277		11,277				13,134
16	8.		Department Management (09)									
17						2,467,804	533,133		3,000,937	2,461,785	529,319	2,991,104
18	a.		Additional Predator Control Grant (Restricted)									
19						60,000		60,000				60,000
20	b.		Legislative Contract Authority (Restricted/OTO)									
21						115,000		115,000				115,000
22	c.		Attorney General Assistance (Restricted)									
23						36,100		36,100				36,100
24	d.		Weed Control (Restricted)									1,021
25												1,021

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Other</u>	<u>Total</u>	<u>Proprietary</u>	<u>Other</u>
1							
2	Total						
3	410,747	27,244,963	10,200,823		37,856,533	409,931	25,879,744
4							9,674,911
5							35,964,586

The appropriations for the legislative contract authority are subject to the following provisions:

- (1) Legislative contract authority applies only to federal and private funds.
 - (2) The department may transfer appropriation authority between the state special revenue fund and the federal special revenue fund. Transfers may not change the total appropriated to the department for legislative contract authority.
 - (3) Legislative contract authority expenditures must be reported on state accounting records. The records must be separate from present law operations.
- In preparing the 1999 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.

- (4) A report must be submitted by the department to the legislative fiscal analyst following the end of each fiscal year of the biennium. The report must include a listing of projects, with the related amount of expenditures for each project.
 - Items 2b and 4e are contingent on passage and approval of House Bill No. 195.
 - Item 3f is contingent on passage and approval of House Bill No. 349.
- Because of de-earmarking by Senate Bill No. 83, item 4 has been reduced by \$86,760 in state special revenue in fiscal year 1996 and by \$86,760 in state special revenue in fiscal year 1997 and general fund amounts have been increased by \$111,090 in fiscal year 1996 and by \$111,215 in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 4 are reduced by \$111,090 in fiscal year 1996 and by \$111,215 in fiscal year 1997 and the state special revenue amounts are increased by \$86,760 in fiscal year 1996 and by \$86,760 in fiscal year 1997.

Items 4f, 6e, and 7d are contingent on passage and approval of Senate Bill No. 321.

If Senate Bill No. 85 is passed and approved in a form that includes an exemption for ground maintenance workers from prevailing wage rates, the appropriation in item 6f is eliminated.

Because of de-earmarking by Senate Bill No. 83, item 7 has been reduced by \$2,880 in state special revenue in fiscal year 1996 and by \$2,880 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 7 are reduced by \$2,880 in fiscal year 1996 and by \$2,880 in fiscal year 1997

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1												
2												
3												
4												
5	1.	Director's Office (01)	100,000			100,000						
6	2.	Central Services (02)										
7			1,751,788			1,751,788						
8												
9	3.	Air Quality (03)										
10			358,352	2,004,939	1,074,749		3,438,040	361,544	2,230,339	862,732		
11		a.	Radon Contract (Restricted)									
12				25,000		25,000						
13	b.	Radon Control (010)										
14				87,457		87,457						
15	4.	Environmental Remediation (04)										
16			1,826,567	2,369,023		4,195,590		1,829,081	2,090,750			
17	5.	Water Quality (05)										
18			2,675,331	3,269,622		5,946,953		2,697,339	3,239,880			
19	6.	Petroleum Tank Release Compensation Board (11)										
20			1,346,851			1,346,851		1,354,393				
21	7.	Waste Management (12)										
22			151,997	2,883,491	531,734		3,567,222	155,782	2,972,022	4,83,244		
23	8.	Centralized Services (21)										
24			498,313	22,000	91,715		612,028	517,540	16,500	64,855		
25	9.	Energy Division (26)										

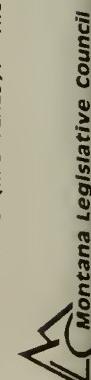
and the state special revenue amounts are increased by the same amounts.
Item 8a may be spent as a grant to the department of livestock for predator control only if the federal animal damage control discontinues its predator control program in Montana.

DEPARTMENT OF ENVIRONMENTAL QUALITY (5301)

5	1.	Director's Office (01)	100,000									
6	2.	Central Services (02)										
7			1,751,788		1,751,788							
8												
9	3.	Air Quality (03)										
10			358,352	2,004,939	1,074,749		3,438,040	361,544	2,230,339	862,732		
11		a.	Radon Contract (Restricted)									
12				25,000		25,000						
13	b.	Radon Control (010)										
14				87,457		87,457						
15	4.	Environmental Remediation (04)										
16			1,826,567	2,369,023		4,195,590		1,829,081	2,090,750			
17	5.	Water Quality (05)										
18			2,675,331	3,269,622		5,946,953		2,697,339	3,239,880			
19	6.	Petroleum Tank Release Compensation Board (11)										
20			1,346,851			1,346,851		1,354,393				
21	7.	Waste Management (12)										
22			151,997	2,883,491	531,734		3,567,222	155,782	2,972,022	4,83,244		
23	8.	Centralized Services (21)										
24			498,313	22,000	91,715		612,028	517,540	16,500	64,855		
25	9.	Energy Division (26)										

	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1	592,140	495,259	864,275			1,951,674	592,072	456,868	887,688			1,936,628
2	10.	Central Management Program (31)				132,790	132,790	126,647				126,647
3												
4	11.	Reclamation Program (33)					7,146,389	405,643	1,018,613	5,725,482		7,149,738
5	410,825	1,030,626	5,704,938					20,000		5,000	15,000	
6	a.	State Library Transfer										
7		5,000	15,000									20,000
8	b.	Hard Rock (Biennial)										
9		50,000										
10	c.	Bond Forfeitures (Biennial)										
11		100,000										
12	d.	Environmental Analysis (Biennial)										
13		550,000										
14	e.	Weed Control (Restricted)										
15		220				174		394	220		174	394
16												
17	Total											
18	2,144,637	14,866,852	14,008,687				31,020,176	2,159,448	14,486,167	13,482,262		30,127,877
19												
20												
21												
22												
23												
24												
25												

Funds approved in item 3a may be used only to contract with the Montana bureau of mines and geology for radon in water testing and GIS mapping. Included in the environmental remediation division funding is \$446,016 in fiscal year 1996 and \$454,576 in fiscal year 1997 of federal funds and \$94,583 of state special revenue funds each fiscal year for leaking underground storage tank activities. Sufficient authority is available for \$100,000 in consultant and professional services each fiscal year of the 1997 biennium. The department is appropriated up to \$847,737 in fiscal year 1996 and \$846,866 in fiscal year 1997 of additional federal revenue for leaking underground storage tank consultant and professional services if the revenue becomes available. Included in the water quality division funding is \$721,963 in fiscal year 1996 and \$724,835 in fiscal year 1997 of federal nonpoint source pollution prevention funds (NPS funds). The department is appropriated up to \$3 million of additional NPS funds during the 1997 biennium for the purpose of contracting



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>

with conservation districts if the funds become available.

Included in the water quality division funding is sufficient authority to contract \$664,755 each fiscal year with nonprofit entities for water quality management activities. At least 60% of this annual amount must be contracted to conservation districts. No more than 10% of this annual amount may be spent on studies.

Included in the air quality division funding is authority to add no more than 5.0 FTE in fiscal year 1996 and fiscal year 1997 to be funded with state special revenue funds. At least 3.0 FTE of the additional 5.0 FTE will perform permitting activities each year of the biennium.

Contingent on passage and approval of a bill to statutorily eliminate the junk vehicle program, item 7 is reduced by \$1,073,688 in state special revenue in fiscal year 1996 and by \$1,088,584 in state special revenue in fiscal year 1997. Contingent on passage and approval of [this act], all fund balances remaining in the junk vehicle disposal state special revenue account as of July 1, 1995, minus any outstanding obligations, must be deposited in the general fund.

Included in the centralized services program funding is \$38,500 of indirect funds from MFSA/MEPA fees. If MFSA/MEPA activities generate more than \$38,500 of indirect funds over the biennium, the additional indirect funds must be deposited in the general fund.

The department may transfer appropriation authority in item 11a between the state special revenue fund and the federal special revenue fund as long as the totals are not exceeded.

DEPARTMENT OF LIVESTOCK (5603)

1.	Centralized Services Program (01)	648,838	57,052	557,404	33,067	647,523
15.	57,563	569,275	22,000			
16.						
17.	a.	Legislative Audit (Restricted/Biennial)				
18.		25,039				
19.	2.	Diagnostic Laboratory Program (03)				
20.	136,866	924,102				
21.	3.	Disease Control Program (04)				
22.		483,546				
23.	a.	Disease Control Emergency (Restricted)				
24.		70,000				
25.	b.	SB 389 -- Game Farms				



	General Fund	State Special Revenue	Federal Special Revenue	Fiscal 1996			Fiscal 1997		
				Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue
1		66,119				66,119		42,900	42,900
2	4.	Milk and Egg Program (05)				182,195		155,245	184,245
3		152,195	30,000						
4	5.	Inspection and Control Program (06)				2,343,065	20,000	2,320,195	2,340,195
5		20,000	2,323,065						
6	6.	Predator Control Program (08)				412,923		349,349	349,349
7		412,923							
8	7.	Meat and Poultry Inspection Program (10)				535,936	263,453	6,000	269,453
9		261,968	6,000	267,968					538,906
10	8.	Milk Control Bureau (37)				234,908		236,467	236,467
11		234,908							
12	a.	Legislative Audit (Restricted/Biennial)				544			
13		544							
14									
15	Total								
16	476,397	5,267,716	319,968			6,064,081	479,020	5,158,114	331,520
17									5,968,654
18									
19									
20									
21									
22									
23	1.	Centralized Services (21)							
24		656,250	506,920	19,937		1,183,107	692,558	504,765	14,703
25	a.	Legislative Audit (Restricted/Biennial)							

Item 3b is contingent on passage and approval of Senate Bill No. 389.

Because of de-earmarking by Senate Bill No. 83, item 5 has been reduced by \$20,000 in state special revenue in fiscal year 1996 and by \$20,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 5 are reduced by \$20,000 in fiscal year 1996 and by \$20,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION (5706)

1. Centralized Services (21)
 - a. Legislative Audit (Restricted/Biennial)

54th Legislature	Fiscal 1996			Fiscal 1997			State Special Revenue	General Fund	General Fund	General Fund	State Special Revenue	Federal Special Revenue	Propri- etary	Other	<u>Total</u>	<u>Total</u>	
	State Special Revenue	Federal Special Revenue	Propri- etary	Other	Total												
1	51,233	b.	Missouri River Lawsuit (Restricted/Biennial)			51,233											
2	15,000	c.	NMFS Lawsuit (Restricted/Biennial)			15,000											
3	25,000	2.	Oil and Gas Conservation (22)			25,000											
4	832,909	a.	Underground Injection Control (Restricted)			832,909											
5	225,000	3.	Conservation and Resource Development Division (23)			225,000											
6	1,257,273	4.	Water Resources Division (24)			1,257,273											
7	72,400	5.	Reserved Water Rights Compact Commission (25)			72,400											
8	2,934,229	6.	Central Management Program (01)			2,934,229											
9	2,645,339	7.	Land Administration Program (04)			2,645,339											
10	52,748	8.	Legislative Audit (Restricted/Biennial)			52,748											
11	113,023	9.	Weed Control (Restricted)			113,023											
12	1,262,559	10.	475			1,262,559											
13	1,442,696	11.	475			1,442,696											
14	2,927,136	12.	475			2,927,136											
15	2,138,561	13.	475			2,138,561											
16	52,748	14.	475			52,748											
17	218,234	15.	475			218,234											
18	287,141	16.	475			287,141											
19	505,375	17.	475			505,375											
20	218,000	18.	47,381			218,000											
21	1,740,991	19.	47,381			1,740,991											
22	1,565,909	20.	47,381			1,565,909											
23	1,291,993	21.	47,381			1,291,993											
24	15,000	22.	47,381			15,000											
25	1,815,902	23.	47,381			1,815,902											
		24.	47,381			47,381											
		25.	47,381			47,381											

	General Fund	State Special Revenue	Federal Special Revenue	Fiscal 1996			Fiscal 1997		
				Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue
1	b.	Land Exchange With Crow Tribe				100,000			100,000
2			100,000						
3	8.	Forestry Program (35)							
4	6,466,441	3,683,574	876,873			11,026,888	6,319,502	3,434,708	753,288
5	a.	Federal Fire Reimbursement (Restricted)							
6			100,000						
7	b.	Community Forestry FTE (OTO)							
8			87,375						
9	c.	HB 201 -- Additional Timber Sales							
10			562,368						
11	d.	Weed Control (Restricted)							
12	862	2,760				3,622	862	2,760	3,622
13									
14	Total								
15	12,979,784	10,690,081	1,429,333			25,099,198	12,792,376	9,914,717	1,300,791
16	The department is authorized to spend the lawsuit appropriations for either lawsuit.								
17	Up to \$50,000 each year of funds received under the provisions of 85-1-514(4) are appropriated to the department for the purpose of performing duties required under 85-1-514.								
18	Up to \$20,000 each year of fines collected under the provisions of Title 85, chapter 2, and deposited in the water right appropriation account in accordance with 85-2-318 are appropriated to the department to carry out the enforcement functions required under 85-2-114.								
19	Up to \$20,000 each year of funds received from the bonds required by 37-43-306 are appropriated to the department for the purpose of performing remedial action on water wells, providing compensation for damages caused by water well violations, or paying administration costs incurred by the board of water well contractors.								
20	During the 1997 biennium, up to \$550,000 of funds currently in or to be deposited in the Broadwater replacement and renewal account are appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility or to service the Broadwater hydropower bond debt if revenue deposited								
21									
22									
23									
24									
25									

	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	General Fund	State Special Revenue	Federal Special Revenue	General Fund	State Special Revenue	Federal Special Revenue
			Proprietary	Total		Proprietary
			Other		Other	Total
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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25						

in the debt service account is insufficient for this purpose.

During the 1997 biennium, up to \$20,000 of interest earned on the Broadwater users account is appropriated to the department for the purpose of repair, improvement or rehabilitation of the Broadwater-Missouri diversion project.

Up to \$150,000 each year of funds received in accordance with 85-3-213 are appropriated to the department for the purpose of carrying out the review and administration of weather modification applications, permits, and licenses.

During the 1997 biennium, up to \$1 million of funds received by the department from arbitration, litigation awards, or settlements, including funds from the escrow account currently established in an escrow agreement among Voith hydro, inc., the department, and norwest bank, Helena, pursuant to agreement 1189.1 Broadwater power project, are authorized to be spent to pay costs, including the bond debt associated with the Broadwater power project.

During the 1997 biennium, up to \$50,000 of state special revenue funds received as lease payments for properties associated with state water projects is appropriated to the department for the purpose of administering the state water project leased properties program.

The department is appropriated up to \$700,000 per year from the account established in 76-14-112 for rangeland loans during the 1997 biennium.

All funds deposited in the state special revenue account established in 76-15-530 are appropriated to the department for distribution as grants to conservation districts in an amount of up to \$100,000 per year for the 1997 biennium.

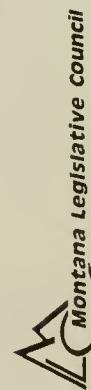
All funds held in the state special revenue account in accordance with 76-16-106(2) are appropriated to the department for administration of grazing district activities in an amount of up to \$15,000 per year for the 1997 biennium.

The department is appropriated up to \$400,000 over the biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as required by 85-1-618.

The board of oil and gas conservation is appropriated \$110,000 of federal revenue funds each fiscal year of the 1997 biennium, contingent upon receiving federal funds from the environmental protection agency for the underground injection control program.

The board of oil and gas regulation is appropriated from the oil and gas ERA account \$56,336 in fiscal year 1996 and \$56,541 in fiscal year 1997 in the event that primacy is achieved for the underground injection control program. If primacy is achieved, the board of oil and gas regulation is authorized to request funding for the personal services costs of an underground injection control program manager as a present law adjustment in the 1999 biennium.

Federal fire reimbursement funds are those funds received for expenses incurred from loaning department personnel to federal agencies to assist in fire suppression activities. Only those federal funds received as reimbursement of expenses credited against the department's state forestry operational budget are considered federal fire reimbursement funds. All other federal funds received must be deposited into the general fund. The department shall report federal fire



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>

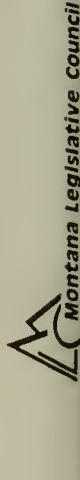
1 reimbursement expenditures on state accounting records, and the records must be separate from current level operations.
 2 Because of elimination of the recreational access statutory appropriation by Senate Bill No. 83, item 7 has been increased by 1 FTE and \$60,614 in state
 3 special revenue in fiscal year 1996 and by \$60,838 in state special revenue in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that
 4 eliminates the statutory appropriation, then the state special revenue amounts in item 7 are reduced by \$60,614 in fiscal year 1996 and by \$60,838 in fiscal year
 5 1997.

6 Item 8 includes reductions of 9.08 FTE and \$85,258 in general fund money and \$215,134 in state special revenue money in fiscal year 1997 to implement the
 7 FTE and personal services savings due to the reorganization of the natural resource agencies, contingent on passage and approval of Senate Bill No. 234. The
 8 executive branch shall allocate these reductions among programs in the newly created departments of environmental quality and natural resources and conservation.
 9 If Senate Bill No. 234 is not passed and approved, \$85,258 in general fund money and \$215,134 in state special revenue money for 9.08 FTE are appropriated to item
 10 8 in fiscal year 1997.

11 Item 8c is contingent on passage and approval of House Bill No. 201.

12 DEPARTMENT OF AGRICULTURE (6201)

13	1.	Central Management Division (15)				
14		136,449	263,208	81,450	25,717	9,120
15	a.					
16						
17	2.	Agricultural Sciences Division (30)				
18		106,890	3,696,825	405,054	4,208,769	105,840
19	a.					
20						
21	b.	HB 445 -- Noxious Weed Seed Free Act				
22						
23	3.	Agricultural Development Division (50)				
24		200,275	2,688,017	202,204	68,235	3,158,731
25	a.					



	Fiscal 1996			Fiscal 1997		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1						
2	b.	Grain Sublaboratory (Restricted)	254,604			254,604
3			135,310			135,310
4	c.	Agriculture Marketing Promotion				
5			40,000			40,000
6						
7	Total					
8	474,046	7,099,863	676,504	227,921	77,355	8,555,689
9						455,923
10						7,156,684
11						720,643
12						231,622
13						79,346
14						8,644,218
15						
16						
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The department is authorized to make grants to state agencies from the growth through agriculture account, as approved by the Montana agriculture development council in accordance with Title 90, chapter 9. The state agency that receives a grant from the Montana agriculture development council is authorized additional appropriation authority equal to the grant amount.

Item 2b is contingent on passage and approval of House Bill No. 445.

Because of elimination of the alfalfa seed committee statutory appropriation by Senate Bill No. 83, item 3 has been increased by 0.33 FTE and \$34,420 in state special revenue in fiscal year 1996 and by \$34,419 in state special revenue in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that eliminates the statutory appropriation, then the state special revenue amounts in item 3 are reduced by \$34,420 in fiscal year 1996 and by \$34,419 in fiscal year 1997.

DEPARTMENT OF COMMERCE (6501)

1.	Weights and Measures Bureau (02)	585,181	585,181
2.	Legislative Audit (Restricted/Biennial)	1,275	1,275
3.			
4.			
5.			
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		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>Other</u>
1	3.	Professional and Occupational Licensing Bureau (39)					
2	15,000	3,715,270				3,730,270	15,000
3	a.	Legal Contingency (Restricted)					
4		70,841				70,841	70,841
5	b.	SB 171 -- Physical Therapy Law Revision					
6		6,000				6,000	6,000
7	4.	Economic Development Division (51)					
8	870,283	272,902	3,843,197		4,986,382	844,879	310,098
9	a.	Legislative Audit (Restricted/Biennial)					3,668,485
10	1,190	201	5,054		6,445		
11	b.	SB 311 -- Business Licensing System Plan (Biennial/OTTO)					
12		50,000				50,000	
13	5.	Montana Promotion Division (52)					
14		450,000				450,000	
15	6.	Community Development Bureau (60)					
16	287,624	577,972	30,714,401		31,579,997	287,148	573,451
17	a.	Legislative Audit (Restricted/Biennial)					28,935,646
18	435	1,167	15,780		17,382		
19	b.	Hard-Rock Mining Board Contingency (Restricted)					
20		100,000				100,000	100,000
21	c.	Coal Board Grants (Restricted/Biennial)					
22		1,000,000				1,000,000	
23	7.	Local Government Services Audit/Systems (62)					
24		348,990				348,990	349,675
25	a.	Legislative Audit (Restricted/Biennial)					

					<u>Fiscal 1996</u>	<u>Fiscal 1997</u>						
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1	1,010					1,010						
2	8.	Building Codes Bureau (65)										
3		1,951,818				1,951,818						1,960,185
4	a.	Legislative Audit (Restricted/Biennial)										
5		3,497				3,497						
6	9.	Montana Science and Technology Alliance (73)										
7		347,093				347,093						
8	a.	Legislative Audit (Restricted/Biennial)										
9		808				808						
10	10.	Board of Horseracing (78)										
11		7,000				7,000						
12	a.	Legislative Audit (Restricted/Biennial)										
13		552				552						
14	b.	SB 242 -- New Board Members										
15		5,192				5,192						
16	11.	Director/Management Services (81)										
17		104,738				104,738						105,188
18	a.	Legislative Audit (Restricted/Biennial)										
19		244				244						
20	b.	Oracle Data Base Programming (OTD)										
21		33,990				32,116						86,962
22	c.	Equipment Conversion to LANS (OTD)										
23		17,215				149,505						172,198
24	d.	Malmstrom Air Force Base (Restricted/OTD)										14,400
25		20,000										20,000

	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1						
2						

3	1,757,719	10,733,456	34,584,766	47,075,941	1,608,890	9,557,041	32,604,131	43,770,062
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4 It is the legislature's intent that the department grant \$75,000 of statutorily appropriated lodging facilities use tax revenue to the Montana historical society each year to fund tours of the original governor's mansion and the state capitol and to fund restoration of the original governor's mansion.

5 If House Bill No. 68 is not passed and approved, state special revenue in item 3 is decreased by \$97,013 in fiscal year 1996 and by \$96,717 in fiscal year 1997.

8 The appropriation in item 3 is to be used only for unexpected legal expenses in the weights and measures, building codes, and professional and occupational licensing programs.

10 Item 4b is contingent on passage and approval of Senate Bill No. 311.

11 Item 6c is contingent on the Bull Mountain mine project becoming productive. It is the intent of the legislature that the coal board grant the funds for impacts associated with the Bull Mountain mine project contingent upon meeting coal board standards for grant approval.

12 If House Bill No. 68 is not passed and approved, state special revenue in item 8 is decreased by \$151,685 in fiscal year 1996 and by \$152,549 in fiscal year 1997.

13 Because of de-earmarking by Senate Bill No. 83, item 10 has been reduced by \$7,000 in state special revenue in fiscal year 1996 and by \$7,000 in state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the state special revenue, then the general fund amounts in item 10 are reduced by \$7,000 in fiscal year 1996 and by \$7,000 in fiscal year 1997 and the state special revenue amounts are increased by the same amounts.

14 Item 10b is contingent on passage and approval of Senate Bill No. 242.

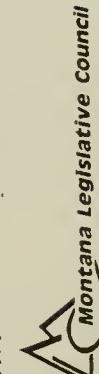
15 Item 11d includes \$20,000 of general fund in fiscal 1996 that must be used to provide funds for economic adjustments for Cascade County as a result of the plan to reduce the mission of Malmstrom air force base (AFB).

22

23 TOTAL SECTION C

24	18,243,330	78,001,454	61,245,749	227,921	77,355	157,795,809	17,905,588	74,085,085	58,139,926	231,622	79,346	150,441,567
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	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>Fiscal 1997</u>
D. INSTITUTIONS AND PUBLIC SAFETY													
1													
2													
3													
4	CRIME CONTROL DIVISION (4107)												
5	1.	Justice System Support Service (01)											
6	1,675,211	465,946	2,141,157	1,675,079		502,130							2,177,209
7	a.	Crime Victims' Compensation Pass-Through Benefits (Biennial)											
8	505,000	135,000	640,000	505,000		150,000							655,000
9	b.	Juvenile Justice Pass-Through Grants (Biennial)											
10	457,636	457,636	457,636										421,594
11	c.	Victims' Assistance Pass-Through Grants (Biennial)											
12	470,500	470,500	470,500										470,500
13	d.	Drug Education Pass-Through Grants (Biennial)											
14	463,837	463,837	463,837										463,837
15	e.	Drug Enforcement Pass-Through Grants (Biennial)											
16	2,256,581	2,256,581	2,256,581										2,256,439
17	f.	Violence Against Women Grant (Biennial)											
18	500,000	500,000	500,000										500,000
19	g.	Criminal History Record Improvement (Biennial)											
20	500,000	500,000	500,000										500,000
21	h.	Legislative Contract Authority (Restricted)											
22	200,000	200,000	200,000										200,000
23	Total												
24	2,180,211	5,449,500	7,629,711	2,180,079									5,464,500
25	All remaining federal pass-through grant appropriation authority for the 1995 biennium is authorized to continue into fiscal year 1996 and fiscal year 1997.												7,644,579



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total

1 The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-
 2 effective startup of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning
 3 shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately from
 4 all other appropriations. In the event that the amount of the department's additional federal contracts exceeds its legislative contract authority, additional
 5 spending authority must be established in accordance with the provisions of the budget amendment law in Title 17, chapter 7, part 4.

6 Because of de-earmarking by Senate Bill No. 83, item 1 has been reduced by \$54,407 in state special revenue in fiscal year 1996 and by \$54,598 in state
 7 special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form
 8 that de-earmarks the state special revenue, then the general fund amounts in item 1 are reduced by \$54,407 in fiscal year 1996 and by \$54,598 in fiscal year 1997
 9 and the state special revenue amounts are increased by the same amounts.

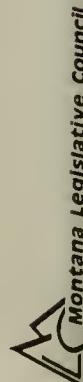
10 Because of elimination of the statutory appropriation by Senate Bill No. 83, item 1 has been increased by \$945,593 in general fund in fiscal year 1996
 11 and by \$945,402 in general fund in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that eliminates the statutory appropriation, then
 12 the general fund amounts in item 1 are reduced by \$945,593 in fiscal year 1996 and by \$945,402 in fiscal year 1997.

13 Because of de-earmarking by Senate Bill No. 83, item 1 has been reduced by \$190,513 in state special revenue in fiscal year 1996 and by \$189,423 in state
 14 special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form
 15 that de-earmarks the state special revenue, then the general fund amounts in item 1 are reduced by \$190,513 in fiscal year 1996 and by \$189,423 in fiscal year
 16 1997 and the state special revenue amounts are increased by the same amounts.

17 Because of de-earmarking by Senate Bill No. 83, item 1a has been reduced by \$505,000 in state special revenue in fiscal year 1996 and by \$505,000 in state
 18 special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form
 19 that de-earmarks the state special revenue, then the general fund amounts in item 1a are reduced by \$505,000 in fiscal year 1996 and by \$505,000 in fiscal year
 20 1997 and the state special revenue amounts are increased by the same amounts.

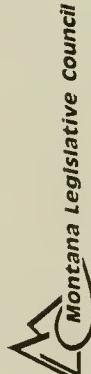
21 DEPARTMENT OF JUSTICE (4110)
 22 1. Legal Services Division (01)

	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
23	1,530,713	186,847	38,885			1,756,445
24	a.	Major Litigation Costs (Restricted/Biennial)				1,485,582
25						187,514
						38,943
						500,000
						1,712,039



	General <u>Fund</u>	State Special <u>Revenue</u>	Federal Special <u>Revenue</u>	Fiscal 1996			General <u>Fund</u>	State Special <u>Revenue</u>	Fiscal 1997			
				Propri- etary	Other	Total			Federal Special <u>Revenue</u>	Propri- etary	Other	Total
1	b.	Bankruptcy Collection Unit (010)				111,876		111,733				111,733
2			111,876									
3	2.	Gambling Control Division (07)										2,124,129
4			448,190	1,718,076			2,166,266	439,535	1,684,594			
5	3.	Motor Vehicle Division (12)										6,926,882
6			6,031,856	1,111,660			7,143,516	5,815,222	1,111,660			
7	4.	Highway Patrol Division (13)										15,151,194
8			13,287,519	1,634,113			14,921,632		13,549,076	1,602,118		
9	9.	a. Patrol Cars (Restricted)					171,340					172,510
10												
11	b.	Legislative Contract Authority (Restricted)										
12						100,000		100,000				100,000
13	c.	HB 345 -- DUI Equipment (Restricted)					18,750	18,750	25,000			25,000
14												
15	5.	Law Enforcement Services Division (18)										
16			1,814,240	378,345	819,454			3,012,039	2,158,691	365,050	453,868	2,977,609
17	a.	Legislative Contract Authority (Restricted)										
18						150,000		150,000				150,000
19	6.	County Attorney Payroll (19)										
20			1,443,865					1,443,865	1,480,363			1,480,363
21	7.	Law Enforcement Academy Division (22)										
22			670,060	93,770				763,830	674,586			732,076
23	8.	Central Services Division (28)										
24			177,176	217,444				402,673	178,012	218,469		404,573
25	a.	Legislative Audit (Restricted/Biennial)										

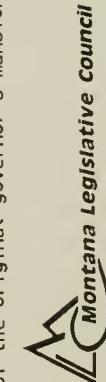
		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1	21,356	26,209			971	48,536						
2	9.	Data Processing Division (29)										
3	1,069,780	433,440					1,503,220	1,066,278	488,486	63,000		1,617,764
4	10.	Extradition and Transportation of Prisoners (30)										
5	141,834						141,834	156,017				156,017
6	11.	Forensic Science Division (32)										
7	1,074,073	256,122	39,979				1,370,174	1,082,737	256,041	40,278		1,379,056
8	a.	Legislative Contract Authority (Restricted)										
9	b.	HB 551 -- DNA Testing (Restricted/Biennial)					40,000					40,000
10												
11		150,000					150,000	150,000				150,000
12												
13	Total											
14	15,203,769	17,787,002	2,916,201	9,024			35,915,996	14,823,756	18,033,400	2,545,697	8,092	35,410,945
15	The legislature intends that the appropriation for legislative contract authority provide adequate spending authority to enable faster and more cost-effective startup of services otherwise initiated by budget amendment. Prior to authorizing use of the appropriation, the office of budget and program planning shall require the necessary and usual contract justification. A legislative contract authority appropriation must be accounted for and reported separately from all other appropriations. In the event that the amount of the department's additional federal contracts exceeds its legislative contract authority, additional spending authority must be established in accordance with the provisions of the budget amendment law in Title 17, chapter 7, part 4.											
16												
17												
18												
19												
20												
21												
22												
23	If House Bill No. 311 is not passed and approved, general fund money in item 1 must be decreased by \$26,500 in fiscal year 1996.											
24	If the total amount of federal crime bill funds in item 4 is not received by the department, the federal special revenue appropriation in item 4 must be reduced to the amount received and the state special revenue appropriation must be increased by the same amount as the federal special revenue appropriation is											
25												



		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>			
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	General Fund	State Special Revenue	Proprietary	
				Other	Total		Other	Total
1	1.	State Library Operations (01)						
2	1,448,617	168,301	1,576,545		3,193,463	1,225,966	163,085	416,545
3	a.	Legislative Audit (Restricted/Biennial)						
4		17,720						
5	b.	Donations and Bequests (Biennial)						
6		25,000						
7	2.	Natural Resource Information Services (07)						
8	a.	NRIS Performance-Based Budget (Biennial)						
9	95,830	931,408	556,685		1,583,923			
10								
11	Total							
12	1,562,167	1,124,709	2,133,230		4,820,106	1,225,966	163,085	416,545
13	Item 1 includes biennial appropriations of \$251,138 in general fund money and \$1,160,000 in federal funds for grants to local libraries.							
14	Item 2a is a biennial, performance-based budget and must be used to achieve the following goals:							
15	(1) to operate a natural resource information clearinghouse;							
16	(2) to support interagency data coordination and standards; and							
17	(3) to provide user support and tools.							
18	NRIS is required to provide performance measure progress reports to the legislative fiscal analyst and the office of budget and program planning							
19	semiannually. Performance measures as shown in the 1997 biennium appropriations report are adopted as legislative intent.							
20	Item 2a includes \$466,685 for legislative contract authority, subject to the following provisions:							
21	(1) Legislative contract authority applies only to state special funds received from the Montana university system, federal funds, and private funds.							
22	(2) Legislative contract authority expenditures must be reported on state accounting records. The records must be separate from present law operations.							
23	(3) A report must be submitted by the Montana state library commission to the legislative fiscal analyst following the end of each fiscal year of the							
24	biennium. The report must include a listing of projects with the related amount of expenditures for each project.							
25	Item 2a includes \$20,000 for transfers from the department of state lands. The Montana state library commission may transfer appropriation authority between							

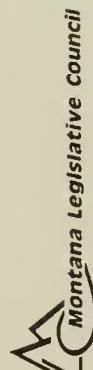
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- Item 1 includes biennial appropriations of \$251,138 in general fund money and \$1,160,000 in federal funds for grants to local libraries.
- Item 2a is a biennial, performance-based budget and must be used to achieve the following goals:
- (1) to operate a natural resource information clearinghouse;
 - (2) to support interagency data coordination and standards; and
 - (3) to provide user support and tools.
- NRIS is required to provide performance measure progress reports to the legislative fiscal analyst and the office of budget and program planning semiannually. Performance measures as shown in the 1997 biennium appropriations report are adopted as legislative intent.
- Item 2a includes \$466,685 for legislative contract authority, subject to the following provisions:
- (1) Legislative contract authority applies only to state special funds received from the Montana university system, federal funds, and private funds.
 - (2) Legislative contract authority expenditures must be reported on state accounting records. The records must be separate from present law operations.
 - (3) A report must be submitted by the Montana state library commission to the legislative fiscal analyst following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for each project.
- Item 2a includes \$20,000 for transfers from the department of state lands. The Montana state library commission may transfer appropriation authority between

		Fiscal 1996			Fiscal 1997							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary Revenue	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary Revenue	Other	Total
1												
2												
3												
4	1.	Administration Program (01)										
5	547,166	129,675	44,480			721,321	551,362	130,049	44,614			726,025
6	a.	Legislative Audit (Restricted/Biennial)										
7	18,829					18,829						
8	2.	Library Program (02)										
9	442,098	4,000		49,855		495,953	442,627	4,000				496,887
10	3.	Museum Program (03)										
11	213,839	18,374		17,045		249,258	213,173	18,374				248,574
12	4.	Publication (04)										
13	52,099		10,000	671,857		733,956	52,099					672,287
14	a.	Legislative Audit (Restricted/Biennial)										
15						827						
16	5.	Historical Sites Preservation (06)										
17	53,010		552,633			605,643	53,886					554,262
18	a.	Legislative Audit (Restricted/Biennial)										
19	876			4,507		5,383						
20												
21	Total											
22	1,327,917	152,049	611,620	739,584		2,831,170	1,313,147	152,423	598,876			2,804,020
23	Item 1 includes \$67,714 each fiscal year and item 3 includes \$7,286 each fiscal year of lodging facilities use tax revenue granted from the Montana promotion program under the department of commerce. This appropriation is to provide tours of the capitol and the original governor's mansion and rehabilitation of the original governor's mansion. It is the intent of the 54th legislature that similar amounts be appropriated to the Montana historical society for these											
24												
25												



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1						

2	DEPARTMENT OF CORRECTIONS (6401)					
3	1. Central Operations (10)					
4	2,126,863	52,290				52,578
5	a. Legislative Audit (Restricted/Biennial)	5,929				
6	79,127	1,781				86,837
7	2. Corrections (20)					
8	37,178,553	1,055,844	245,518	407,296		38,887,211
9	a. HB 357 -- Commission on Sentencing (Restricted)					38,187,410
10	97,869					1,055,816
11	b. Swan River Correctional Training Center Security Staff					267,630
12	225,666					407,226
13	3. Juvenile Corrections (23)					
14	11,070,726	355,816	301,739			11,728,281
15	a. Sex Offender Programs/Secure Care Female Offenders (Restricted)					11,175,475
16	400,000					357,818
17	b. Pine Hills School Maintenance (Restricted/Biennial)					303,520
18	58,000					
19	c. Pine Hills Ranch (Restricted/Biennial)					
20	25,000					
21	d. Juvenile Corrections Provider Rate Increase					
22	61,801					
23						
24	Total					
25	51,323,605	1,413,441	547,928	465,515		53,750,489
						52,383,358
						1,413,634
						572,552
						459,804



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>

Item 2 includes \$486,581 in general fund money each fiscal year that may be used only if the department of administration, personnel division, authorizes the reclassification of correctional officers.

If House Bill No. 304 is not passed and approved, item 2 is decreased by \$553,280 in general fund money in fiscal year 1997.

If House Bill No. 214 is not passed and approved, item 2 is decreased by \$21,700 in general fund money in fiscal year 1996 and \$1,000 in general fund money in fiscal year 1997.

Funds in item 2a are contingent on passage and approval of House Bill No. 357.

Any funds remaining in the Montana state prison budget on June 30, 1995, may be carried forward into the 1997 biennium to deal with population growth at the prison.

The legislature has no evidence that the Montana youth alternatives program funded in item 3 is more effective in treating juvenile offenders than the Mountain View school program.

Funds in item 3a must be spent on secure care for female offenders and treatment programs for sexual offenders. The department may not transfer funds in item 3a to other uses or to other programs or departments. The department shall provide to the 55th legislature the following information about expenditures funded from item 3a: the number of children served, the average cost per child, services provided, the treatment outcomes, and the current placement of children served.

Funds in item 3b may not be used for any purpose other than maintenance and repair of Pine Hills school. The department must obtain the approval of the architecture and engineering division of the department of administration before proceeding with repairs funded from item 3b.

Funds in item 3c may be used only for a vocational agricultural program at Pine Hills school.

DEPARTMENT OF MILITARY AFFAIRS (6701)

1.	Operations Support (01)	13,842	288,635	270,965	13,989	284,954
2.	a. Legislative Audit (Restricted/Biennial)	8,282			8,282	
22	2. Army National Guard Program (12)					2,758,310
23		840,305	1,907,794	2,748,099	857,252	1,901,058
24	a. R/M Backlog State Armories (010)					
25		100,000	5,000	105,000	70,000	10,000
						80,000

	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>						
			<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1	b.	R/M Backlog Service Contract (OTO)	26,625			26,625						26,625
2												
3	c.	Legislative Contract Authority (Restricted)										
4			300,000			300,000						300,000
5	3.	Air National Guard Program (13)										
6	156,416		1,432,926			1,589,342		160,607				1,604,395
7	4.	Disaster Coordination Response (21)										
8	236,629		10,000		1,301,073	1,547,702		239,605		10,000		1,305,047
9	a.	Legislative Audit (Restricted/Biennial)										
10	4,141		12,423			16,564						
11	b.	Legislative Contract Authority (Restricted)										
12			50,000			50,000						50,000
13	5.	Veterans' Affairs Program (31)										
14	534,468		65,447			599,915		536,346		65,796		
15	a.	Legislative Audit (Restricted/Biennial)										
16			8,282			8,282						
17												
18	Total											
19	2,163,316		80,447		5,044,683	7,288,446		2,134,775		85,796		5,040,507
20												
21	If federal funds become available, the department is authorized to seek a budget amendment for youth or guardianship programs in the 1997 biennium.											
22	The appropriations for legislative contract authority are subject to the following provisions:											
23	(1) Prior to authorizing use of the appropriations, the office of budget and program planning shall require the usual and necessary contract justification.											
24	(2) The legislative contract authority appropriations must be accounted for and reported separately from all other appropriations.											
25	(3) In the event that the amount of the department's additional federal contracts exceeds its legislative contract authority, additional spending authority must be requested through the budget amendment process.											

If federal funds become available, the department is authorized to seek a budget amendment for youth or guardianship programs in the 1997 biennium.

The appropriations for legislative contract authority are subject to the following provisions:

- (1) Prior to authorizing use of the appropriations, the office of budget and program planning shall require the usual and necessary contract justification.
- (2) The legislative contract authority appropriations must be accounted for and reported separately from all other appropriations.
- (3) In the event that the amount of the department's additional federal contracts exceeds its legislative contract authority, additional spending authority must be requested through the budget amendment process.

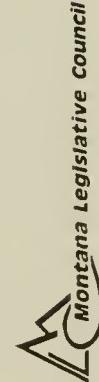
54th Legislature

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(4) In preparing the 1999 biennium budget, the office of budget and program planning may not include legislative contract authority expenditures in the present law base.

The appropriation provided for the air national guard program is contingent upon funds being used to attempt to achieve program performance targets as outlined in the legislative appropriations report for the 1997 biennium. The department shall provide semiannual reports to the office of budget and program planning and the office of the legislative fiscal analyst on progress toward achievement of these performance targets with explanations for any significant variances.

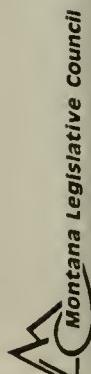
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>		<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1							E. EDUCATION						
2							OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION (3501)						
3	1.	Administration (06) (Biennial)											
4	3,092,760	422,021	4,390,776			7,905,557		2,466,743	457,909	4,011,988			6,936,640
5	a.	Legislative Audit (Restricted/Biennial)											
6	67,797					67,797							
7	b.	Transfer (Biennial)											
8	891,342					891,342							
9	c.	MAEFAIRS (Biennial/OTO)											
10	160,000					160,000							
11	d.	Vocational Education -- Termination Payout (Restricted)						112,420		112,420			
12	112,420												112,999
13	e.	Secondary Vocational Education (Restricted)											
14	170,000					170,000			340,000		170,000		340,000
15	2.	Distribution to Public Schools (09)											
16	a.	Special Education (Restricted)											
17	32,722,797					32,722,797			32,722,797		32,722,797		32,722,797
18	b.	Special Education Contingency (Restricted/Biennial)											
19	2,031,163					2,031,163							
20	c.	Transportation (Restricted)											
21	10,502,900					10,502,900			10,602,900		10,602,900		
22	d.	School Foods (Restricted)											
23	660,189					660,189			661,731		661,731		
24	e.	Gifted and Talented (Restricted/Biennial)											
25	300,000					300,000							



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			Fiscal 1996	Fiscal 1997		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Federal Special Revenue	Total
				Other	Proprietary	Other
1	f.	Secondary Vocational Education (Restricted/Biennial)				
2	1,300,000		1,300,000		1,300,000	
3	g.	Adult Basic Education (Restricted/Biennial)				
4	500,000				500,000	
5	h.	Instate Residential Services (Restricted/Biennial)				
6	1,949,791				1,949,791	
7	i.	SIMMS Grant (Restricted)				
8	500,000		500,000		500,000	
9	j.	Individuals With Disabilities Education Act -- B (Biennial)				
10			2,431,400		2,431,400	
11	k.	Adult Basic Education (Biennial)				
12			1,365,000		1,365,000	
13	l.	Job Training Partnership Act (Biennial)				
14			1,017,200		1,017,200	
15	m.	Vocational Education (Biennial)				
16			6,022,525		6,022,525	
17	n.	Chapter 1 (Biennial)				
18			2,295,000		2,295,000	
19	o.	Foreign Language (Biennial)				
20			108,000		108,000	
21	p.	Arts and English Curriculum (Biennial)				
22			360,000		360,000	
23	q.	School District Federal Aid (Biennial)				
24			108,143,035		108,143,035	
25	r.	K-12 BASE Aid (Restricted/Biennial)				

		<u>Fiscal 1996</u>			<u>Fiscal 1997</u>							
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1	412,683,000						412,683,000	414,435,000				414,435,000
2	s.	McKinney Homeless (Biennial)										
3			264,000				264,000					
4	t.	School Districts Audits										
5			147,992				147,992	153,912				153,912
6												
7	Total											
8	467,792,151	422,021	126,566,936				594,781,108	461,826,082	457,909	4,181,988		466,465,979
9	All revenue received in the state traffic education account under the provisions of 20-7-504 and 61-5-121 is appropriated as provided in Title 20, chapter											
10	7, part 5. This appropriation may not exceed \$1 million per year.											
11	The legislative audit committee, in accordance with its constitutional authority to supervise legislative postaudits, shall ensure the independence of											
12	the audit of the office of the superintendent of public instruction conducted pursuant to Title 5, chapter 13, during the 1997 biennium. It is the intent of the											
13	legislature that the biennial financial compliance audit for the 2 fiscal years ending June 30, 1996, be contracted. To the extent that the legislative audit											
14	committee contracts with a private firm to conduct a portion of the audit or the entire audit, including the federal single audit, the total costs of all audit											
15	work during the biennium must be paid first from the line item appropriation to the office of the superintendent of public instruction for audit costs.											
16	The office of public instruction may distribute the amounts required from the appropriation for "in-state treatment" to public schools for the purpose											
17	of providing education costs in day-treatment services.											
18	Because of de-earmarking by Senate Bill No. 83, item 1 has been reduced by \$200,000 in state special revenue in fiscal year 1996 and by \$200,000 in state											
19	special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form											
20	that de-earmarks the state special revenue, then the general fund amounts in item 1 are reduced by \$200,000 in fiscal year 1996 and by \$200,000 in fiscal year											
21	1997 and the state special revenue amounts are increased by the same amounts.											
22	If House Bill No. 561 is not passed and approved, the state special revenue in item 1 is reduced by \$30,000 in fiscal year 1996 and \$65,000 in fiscal year											
23	1997.											
24	The office of public instruction may use up to 1% of the appropriation provided in item 2a to provide the matching funds necessary for medicaid											
25	reimbursements paid for medicaid-eligible services provided by public school districts.											



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>
	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>

1 The office of public instruction may transfer any unused balance in the appropriation in item 2b to the special education appropriation in item 2a.
 2 Because of de-earmarking by Senate Bill No. 83, item 2c has been reduced by \$3,908,166 in state special revenue in fiscal year 1996 and by \$3,908,166 in
 3 state special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in
 4 a form that de-earmarks the state special revenue, then the general fund amounts in item 2c are reduced by \$3,908,166 in fiscal year 1996 and by \$3,908,166 in
 5 fiscal year 1997 and the state special revenue amounts are increased by the same amounts.

6 Because of de-earmarking by Senate Bill No. 83, item 2i has been reduced by \$500,000 in state special revenue in fiscal year 1996 and by \$500,000 in state
 7 special revenue in fiscal year 1997 and general fund amounts have been increased by the same amounts. If Senate Bill No. 83 is not passed and approved in a form
 8 that de-earmarks the state special revenue, then the general fund amounts in item 2i are reduced by \$500,000 in fiscal year 1996 and by \$500,000 in fiscal year
 9 1997 and the state special revenue amounts are increased by the same amounts.

10 Item 2r has been increased by \$1,752,000 in general fund money in fiscal year 1997. If House Bill No. 479 is not passed and approved, general fund money
 11 in item 2r is reduced by \$1,752,000 in fiscal year 1997.

12 Because of de-earmarking and elimination of the statutory appropriation by Senate Bill No. 83, item 2r has been increased by \$290,180,000 in general fund
 13 money in fiscal year 1996 and by \$290,180,000 in general fund money in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks
 14 the state special revenue and eliminates the statutory appropriation, then the general fund amount in item 2r is reduced by \$290,180,000 in general fund money
 15 in fiscal year 1996 and by \$290,180,000 in general fund money in fiscal year 1997.

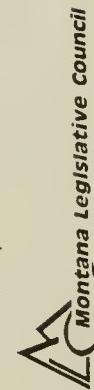
16 Because of de-earmarking and elimination of the statutory appropriation by Senate Bill No. 83, item 2t has been increased by \$147,992 in general fund money
 17 in fiscal year 1996 and by \$153,912 in general fund money in fiscal year 1997. If Senate Bill No. 83 is not passed and approved in a form that de-earmarks the
 18 state special revenue and eliminates the statutory appropriation, then the general fund amounts in item 2t are reduced by \$149,992 in fiscal year 1996 and by
 19 \$153,912 in fiscal year 1997.

20 The superintendent of public instruction shall adopt policies that:

21 (1) prohibit any hidden or private conferences, message data bases, or file areas unless they are used exclusively for confidential personnel or student
 22 privacy matters;

23 (2) require that any Montana resident be granted access privileges upon request, as well as read-only access to all file areas and message data bases,
 24 except as provided in subsection (1). These access privileges do not prohibit denying write-access to any area of the bulletin boards.

25 (3) prohibit the use of the systems for political or lobbying purposes. These prohibitions do not apply to internet conferences that may be carried on



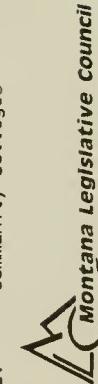
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
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the BBS network. Violation of this provision is to result in a denial of all access privileges for a period of at least 1 year.

Funds appropriated to the office of public instruction for the 1997 biennium may not be expended for purposes of the goals "2000" program.

BOARD OF PUBLIC EDUCATION (5101)

1.	Administration (01)											
5	115,455	10,036				125,491	115,841	9,946				125,787
6	a.	Legislative Audit (Restricted/Biennial)										
7						1,541						
8	2.	Advisory Council (03)										
9						161,990						
10	a.	Legislative Audit (Restricted/Biennial)					161,990					162,227
11							1,541					
12												
13	Total											
14	116,996	173,567				290,563	115,841	172,173				288,014
15												
16												
17												
18												
19												
20												
21	a.	Legislative Audit (Restricted/Biennial)										
22												27,735
23	2.	General Services Program (02)										
24												296,733
25	3.	Student Services (03)										291,889

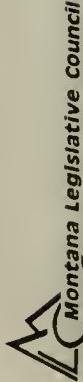


	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>								
General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total	
1	4,400,607						4,400,607					4,400,607
2	a.	Legislative Audit (Restricted/Biennial)										
3	31,360						31,360					
4	3.	Community Colleges (Biennial)										
5	776,854						776,854					
6												
7	Total											
8	5,208,821						5,208,821					
9												

Included in state special revenue appropriations in item 1 is \$990,000 in fiscal year 1996 from revenue generated under the provisions of 20-16-202, which requires each county in which a college of technology is located to levy an annual tax of 1.5 mills on all taxable property within the county. Revenue received by the university system under the provisions of 20-16-202 that exceeds \$990,000 in fiscal year 1996 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-16-202 is less than \$990,000 in fiscal year 1996, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation.

Included in state special revenue appropriations in item 1 is \$14,089,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 from revenue generated under the provisions of 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds \$14,089,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-25-423 is less than \$14,089,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation.

Item 1 includes \$114,000 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvement through the state building energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$73,500; Montana state university-northern, \$36,900; and Montana state university-Billings, \$3,600. Total audit costs are estimated to be \$733,121 for the university system for the biennium. Each unit shall pay a percentage of these costs from funds other than those appropriated in item 1.



<u>Fiscal 1996</u>				<u>Fiscal 1997</u>			
<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>
<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Other</u>	<u>Total</u>	<u>Other</u>	<u>Total</u>	<u>Other</u>

If Senate Bill No. 412 is not passed and approved, in item 1 general fund money is increased by \$592,000 and state special revenue is decreased by a like amount in fiscal year 1996.

It is the intent of the legislature that the Montana university system student FTE at the six units and colleges of technology be comprised of at least 78% qualified resident students. Not more than 22% of student FTE may be qualified nonresident students.

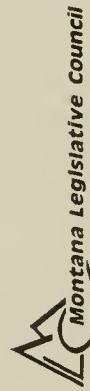
The Montana university system is urged to make every possible effort to review all graduate level programs in the Montana university system and to eliminate unnecessary duplication in those programs, when possible, by September 1, 1996. The board of regents shall report to the 1997 legislature on the accomplishment of this request.

Any indirect cost reimbursements received by the office of the commissioner of higher education in excess of \$22,204 in each year of the biennium as a result of an increase in the federal talent search grant requires a reversion of a like amount to the general fund.

University system units are defined in 17-7-102(16). For all university system units, except the office of the commissioner of higher education, all funds (other than plant funds appropriated in [long-range planning bill] relating to long-range building, and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the board of regents by October 1 of each year. For all university system units except the community colleges, the agricultural experiment station, the forest and conservation experiment station, the cooperative extension service, the bureau of mines and geology, and the fire services training school, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium, contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Requests for transfer and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst prior to approval by the board of regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system.

All university system units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classifications structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency.

The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide electronically to the office of budget and program planning and to the legislative fiscal analyst: (1) on January 1 and at fiscal yearend, the actual personal services data, which must



	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>			<u>Fiscal 1997</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
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	Fiscal 1996			Fiscal 1997		
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	Total
1						
2	Total					
3	2,815,154		2,294,568			5,109,161
4	FORESTRY AND CONSERVATION EXPERIMENT STATION (5111)					
5	1.	Research (02)				723,321
6		722,923				
7						
8	Total					
9		722,923				
10	BUREAU OF MINES (5112)					
11	1.	Bureau of Mines (11)				2,034,447
12		1,323,913	666,000	44,000		
13						
14	Total					
15		1,323,913	666,000	44,000		2,034,447
16	FIRE SERVICES TRAINING SCHOOL (5119)					
17	1.	Public Service (03)				250,579
18		250,421				
19	a.	Legislative Audit (Restricted/Biennial)				3,082
20						
21						
22	Total					
23		253,503				250,579
24	The fire services training school must be provided office, classroom, and storage space in the Great Falls vocational-technical center at no charge.					
25						

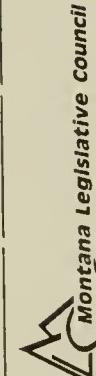
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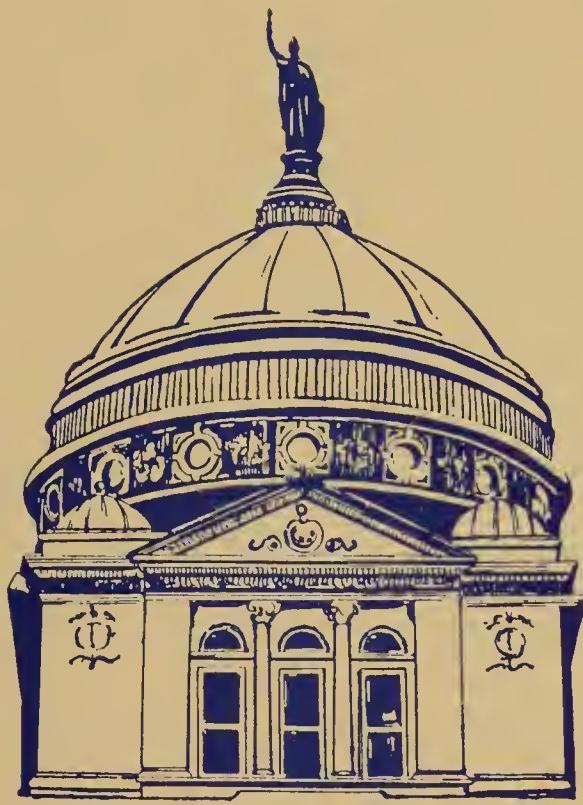
The fire services training school must be provided office, classroom, and storage space in the Great Falls vocational-technical center at no charge.



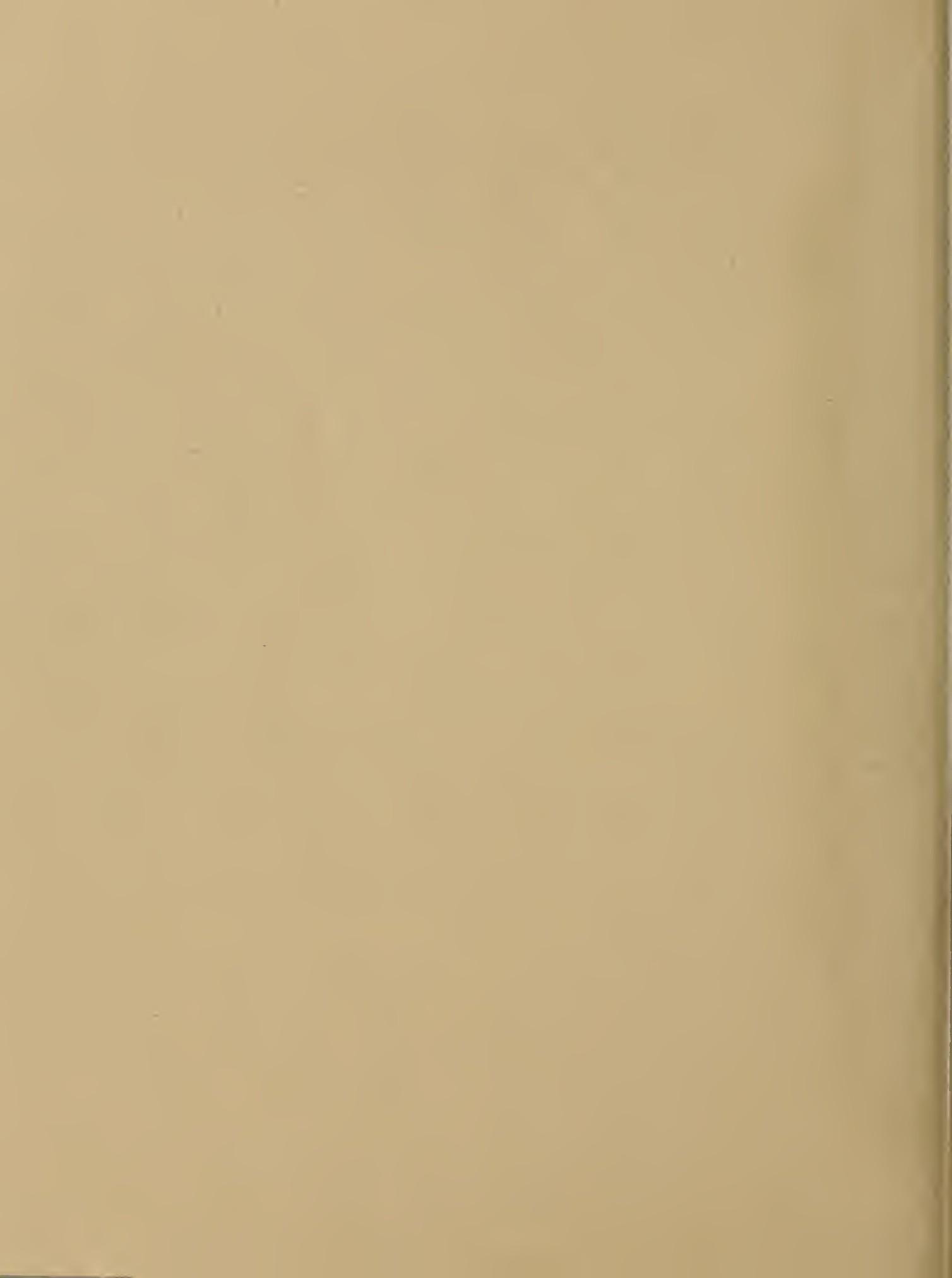
	<u>Fiscal 1996</u>			<u>Fiscal 1997</u>		
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
1	TOTAL SECTION E					
2	576,964,978	98,932,445	141,102,542	934,606	817,934,571	572,968,417
3						103,406,150
4	TOTAL STATE FUNDING					18,985,990
5	931,250,443	392,141,003	892,914,394	4,114,814	3,197,046	2,223,617,700
6					937,536,844	416,599,824

-End-

	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>
						696,298,441



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